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Sidi Ould Tah launches a new era at the AfDB

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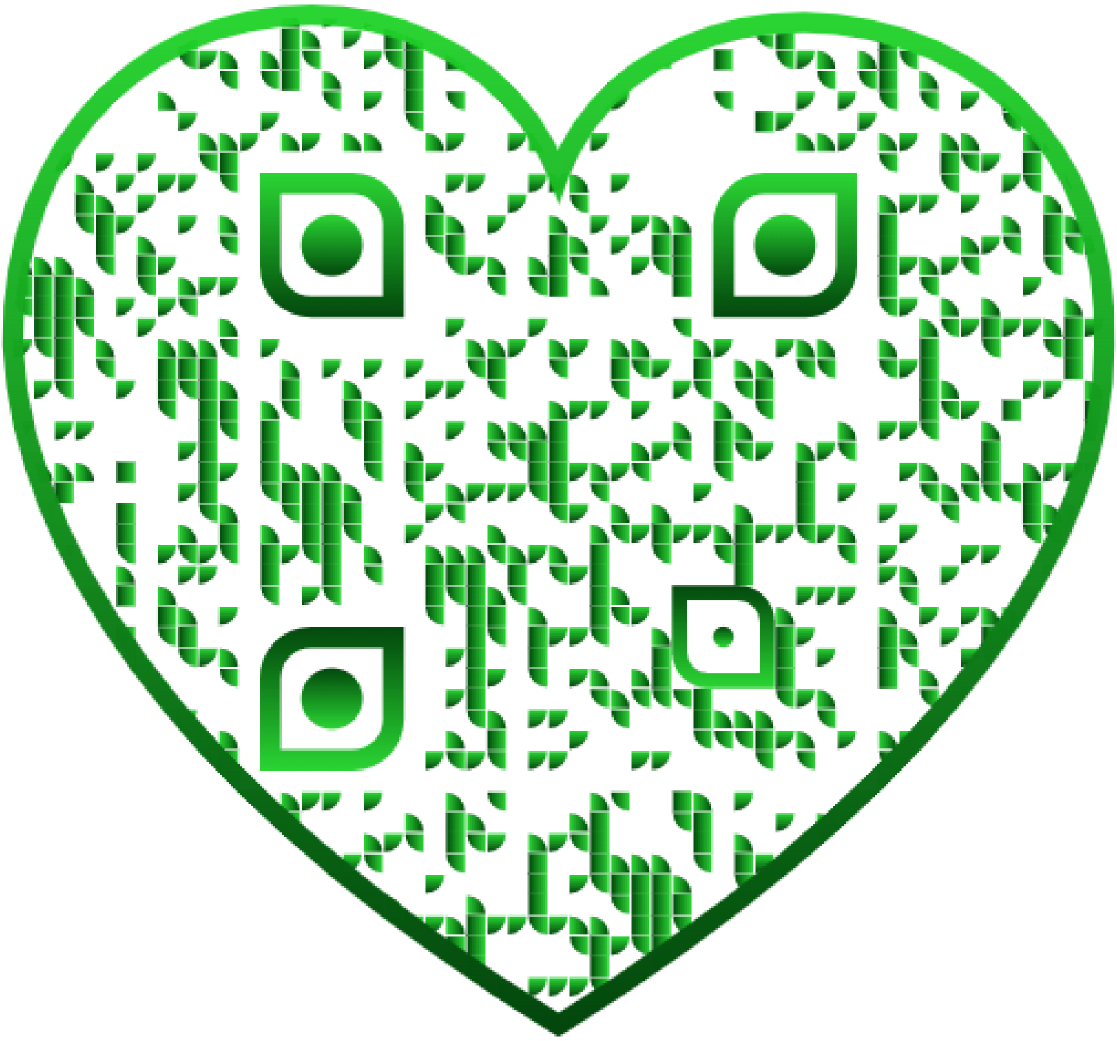

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Business Intelligence News

Hilton and Marriott announce 150 more hotels in Africa

US hotel giant Hilton says it will boost its presence in Africa to more than 160 hotels in the coming years. Across its portfolio of brands, Hilton expects to open more than 100 hotels on the continent, creating approximately 18,000 jobs. The firm said it expects to open new properties in Ghana, Benin, Nigeria, Angola and Madagascar. Competitor Marriott International says it will add over 50 properties by the end of 2027 including in five new markets – Cape Verde, Côte d'Ivoire, the Democratic Republic of Congo, Madagascar and Mauritania. Its current operating portfolio encompasses nearly 150 properties across 20 African countries. Global hotel chains often sign deals with local hotel operators and developers to expand their portfolios.

Trump bans people from seven African countries from the US

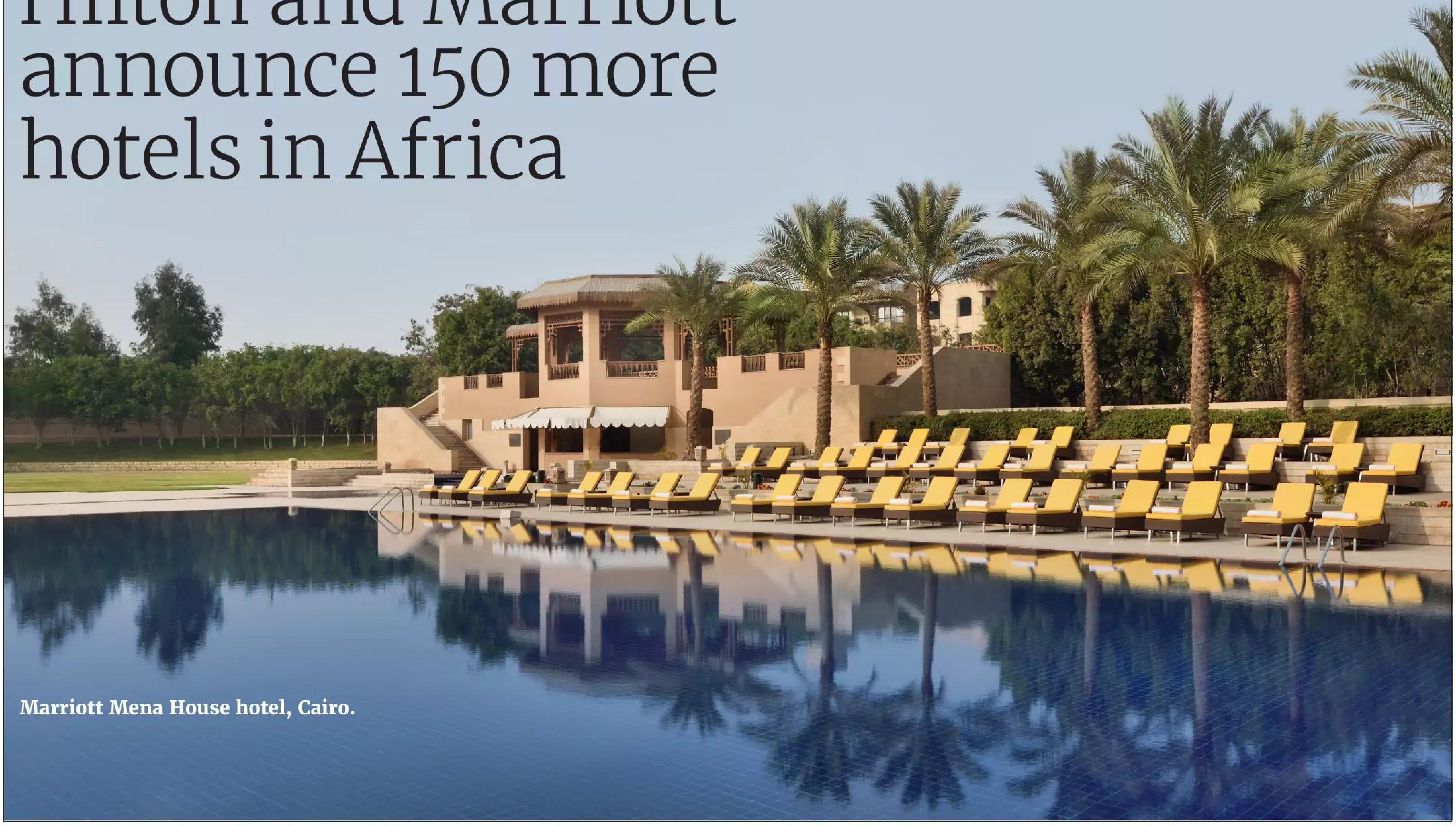
US President Donald Trump has banned citizens of seven African countries from travelling to the United States. Citizens of Chad, Republic of the Congo, Equatorial Guinea, Eritrea, Libya, Somalia, and Sudan are prohibited from travelling to the US – as part of a 12-strong list of countries worldwide facing the measure. Burundi, Sierra Leone and Togo are among seven nations worldwide to be subjected to partial restrictions. A presidential proclamation gives individual reasons for countries' designations, citing visa overstays for countries such as Equatorial Guinea and Republic of Congo and terrorism concerns emanating from countries such as Somalia and Libya.

Rolls-Royce opens engine training centre in Johannesburg

Rolls-Royce has opened a new headquarters and training facility in Johannesburg, South Africa, to support its power systems division, which offers mobile and stationary power solutions under the company's "mtu" brand. The 6,000 square metre site includes service coordination, spare parts storage, logistics, and technical training. The new training centre is designed to support between 100 and 150 trainees annually, equipping them to work on engines for power generation, mining and rail applications. The new facility is planned to complement Rolls-Royce's existing facilities in Cape Town which cover mtu engine rebuild capability, finance and logistics.

Arab Coordination Group pledges $2bn for infrastructure in Mauritania

The Arab Coordination Group (ACG), an alliance of mostly Arab finance institutions, has pledged $2bn in development funding for Mauritania from 2025-2030. The funding will be directed to priority sectors, including energy, water, transportation and digital infrastructure. In January the OPEC Fund for International Development, a member of the ACG, signed a partnership framework agreement with the country for 2025-2027 with a focus on renewable energy, water, food security, transport and clean cooking.



Marriott Mena House hotel, Cairo.

Business Intelligence Deals

Egypt's Obelisk hybrid solar and storage project gets $479.1m

Norwegian renewable energy firm Scatec has reached financial close for the Obelisk hybrid solar and battery storage project in Egypt, writes **Lara Oyewole***. The project has secured $479.1m from the European Bank for Reconstruction and Development, the African Development Bank, and British International Investment – around 80% of the estimated total capital expenditure. The first phase of 561 MW solar plus battery storage to deliver 100 MW with capacity of 200 MWh is targeted for commercial operation in the first half of 2026. The second phase of 564 MW solar is due in the second half of 2026. The energy will be sold under a 25-year power purchase agreement (PPA) with the Egyptian Electricity Transmission Company (EETC), backed by a sovereign guarantee. Scatec has also signed a 25-year PPA with the EETC for a 900 MW wind project in Ras Shukeir on the Red Sea.*

EU-Egypt investment guarantee mechanism aims for €5bn by 2027

The European Union and Egypt have launched the EU-Egypt Investment Guarantee for Development Mechanism. This platform aims to mobilise up to €5bn ($5.7bn) in investments by 2027 in high-impact projects in areas such as clean energy, water and wastewater management and sustainable agriculture. This includes €1.8bn ($2bn) announced as part of the EU-Egypt Strategic and Comprehensive Partnership. The platform will leverage EU resources from the European Fund for Sustainable Development Plus and funding from European and international financial institutions.

CANAL+ will bring Netflix to 24 countries in sub-Saharan Africa

CANAL+ and Netflix have signed a strategic distribution agreement covering Francophone sub-Saharan Africa. Under the agreement CANAL+ will become the first operator to distribute Netflix as part of its offerings across 24 countries in sub-Saharan Africa. In July, CANAL+ subscribers in French-speaking African countries will be able to access Netflix content via their subscriptions. Emma Lloyd, vice president for partnerships in Europe, the Middle East and Africa at Netflix, said the deal will allow it to reach more people across French-speaking Africa.

Fund commits $37m to green hydrogen plans in South Africa

South Africa's Public Investment Corporation, the Industrial Development Corporation of South Africa and the Development Bank of Southern Africa have committed $37m to the SA-H2 Fund, a blended finance facility with a core focus on the green hydrogen value chain. The Fund is managed by a partnership between climate finance investor Climate Fund Managers and Dutch development finance institution Invest International. SA-H2's first deal is for $20m in development funding for the Hive Hydrogen Coega Green Ammonia Project in the Eastern Cape, South Africa's first large-scale green ammonia production plant, which could produce around 1m tonnes of green ammonia annually for export and create over 20,000 jobs.

World Bank shift paves the way for African nuclear plans

As the World Bank ends its ban on funding nuclear energy, countries such as Kenya and Ghana will be better placed to raise finance, writes **Ben Payton**.

The World Bank's board has voted to end a long-standing ban on funding for nuclear energy projects, potentially opening the door for several African countries to receive loans from the development lender. Ajay Banga, the bank's president, had been pushing the change since taking office in 2023 – as part of his efforts to make ending energy poverty the key priority for the multilateral institution. The World Bank has overwhelmingly focused on financing solar and wind energy in recent years, along with other forms of renewable power.

"I think it's an overdue move, but I'm glad that it's happened," says Todd Moss, executive director of the think tank the Energy for Growth Hub.

The World Bank's ban on funding nuclear energy was originally introduced in 2013, shortly after the Fukushima nuclear accident in Japan, which led many developed countries to scale back their use of nuclear power. Japan itself closed all its reactors after Fukushima, but has since brought several back into use, after realising that ditching nuclear left the country dangerously dependent on imported fossil fuels.

Despite continued concerns over the massive cost and lengthy timelines for building nuclear power stations, interest in harnessing nuclear energy is growing both in developed markets and in many fast-growing middle-income countries.

Koeburg nuclear power station near Cape Town, built in the 1980s, currently hosts the only working reactors on the African continent. However, a new nuclear facility, built by Russian company Rosatom, is nearing completion in Egypt, while several other African countries are laying the groundwork for nuclear energy.

Energy for Growth lists Ghana, Kenya, Uganda, Morocco, Algeria and Tunisia as the African countries that could be potentially viable markets for nuclear power by the 2030s. It says Rwanda and 12 other countries could be ready by 2050.

Catalysing investment?

The International Finance Corporation – the World Bank's private sector lending arm – will now remove nuclear energy from its investment exclusion list. Moss notes that one of the significant features of the decision is the impact it will have on other lenders.

Moss points out that at least 21 other agencies, including bilateral development finance institutions and regional development banks, along with some private investment institutions, had copied the IFC policy – and could now be poised to change course.

"We do think that now the World Bank has lifted its ban, many – not all, but many – of these other public agencies will also lift their bans," says Moss. "I would expect some catalytic effect."

The United States, the World Bank's largest shareholder, had heavily pushed for the relaxation in the bank's lending policies on nuclear energy. Support for nuclear energy is one of the few areas where there is a large degree of bipartisan consensus in US policy. This partly reflects how many of the companies developing small modular reactor (SMR) technology – which could be better suited to many African countries that have relatively small energy markets – are based in the United States and are looking for export opportunities.

Oregon-based NuScale signed a preliminary deal with Ghana last year to deploy an SMR in the country.

Meanwhile, the World Bank's board also discussed ending its restrictions on lending to upstream natural gas projects – but was unable to reach agreement. Banga has also argued that producing natural gas should be considered in some circumstances as a way to provide energy access.

Koeberg nuclear power station on the outskirts of Cape Town.

Africa can fund infrastructure with $4 trillion of its own assets, says AFC

The Africa Finance Corporation says that Africa must unlock its substantial domestic resources, including pensions, to fund infrastructure, writes **Lara Oyewole**.

Africa must shift away from a dependency on foreign infrastructure financing and begin to unlock the potential of its own substantial financial resources, according to the Africa Finance Corporation (AFC). The organisation's *State of Africa's Infrastructure Report 2025* argues that Africa is not lacking in capital – it points to over $4 trillion in domestic resources, including commercial bank assets, pension funds, remittances, and sovereign wealth – but is failing to fully leverage what it already possesses. "Financing this infrastructure transformation must begin with African capital. The future of African infrastructure depends on African finance," writes AFC CEO Samaila Zubairu. "That means building deeper financial markets, strengthening development finance institutions, and unlocking long-term domestic capital. Pension funds, insurance pools, sovereign wealth funds, and diaspora remittances represent stable, patient sources of finance that remain largely untapped."

The report says that of the estimated $4 trillion in domestic resources, $1.6 trillion can be found in the non-bank sector: $455bn in pensions, $320bn in insurance, $250bn in public development banks, $150bn in sovereign wealth funds and $473bn in foreign reserves, including $38bn in gold holdings.

Unlocking pension capital

AFC says that pension funds and insurance companies are heavily concentrated in short-term government initiatives, eschewing long-term infrastructure sectors such as transport, energy, and digital connectivity. South Africa alone accounts for 70% of the continent's pension assets, with resources heavily underutilised elsewhere. "Too much of Africa's wealth is invested in low-risk, short-term instruments rather than channelled into productive sectors. Overcoming this requires stronger financial institutions, deeper capital markets, and a broader mix of investment vehicles that can mobilise long-term savings into infrastructure, industry, and innovation," Zubairu writes.

Despite growing liquidity, many African financial institutions fail to deploy capital into strategic sectors, limiting the effectiveness of domestic savings. The report calls for reforms including "the expansion of eligible asset classes, the revision of statutory investment limits to reduce over-concentration in government securities, and the raising of ceilings for private sector and alternative investments".

The report argues that the continent's banking systems remain poorly integrated, limiting cross-border investment flows. It urges policymakers to incentivise long-term lending and raise minimum capital thresholds, while Africa's diverse financial system should work to "co-invest and co-lend alongside banks, absorbing early-stage risks and attracting additional private capital into infrastructure, energy, and manufacturing".

In many African economies, over 90% of employment and 40% of GDP lie outside formal channels, placing large quantities of income beyond the reach of taxation, pensions, or insurance. While 56% of Africans report saving, only 16% do so through formal financial institutions – an indication of deep-seated wariness and systemic exclusion.

To address the disconnect between informal financial activity and formal investment channels, as well as to encourage small businesses to contribute to the formal economy, the continent must adopt labour market formalisation strategies and financial inclusion initiatives, the AFC says.

Demographics present both a challenge and a fleeting opportunity. With the fastest-growing working-age population globally, Africa faces a narrow window to harness pensions and insurance while the workforce remains young.

China's decision to extend zero-tariff treatment to all African countries with diplomatic ties could be transformative, but tariffs are only one barrier for African firms accessing the Chinese market, write **Leah Lynch** *and* **Aishat Adebayo**.

Building on China's tariff-free deal for African countries

China's recent decision to extend zero-tariff treatment to all 53 African countries with diplomatic ties is more than a policy adjustment: it's a long-overdue correction in one of Africa's most significant trade relationships. Until now, China's trade preferences were granted only to least developed countries (LDCs), leaving over 20 African nations on the sidelines. This move marks the end of that fragmentation and a shift toward a more coherent, inclusive and strategic economic partnership.

It's a moment to celebrate – but also a moment to act.

A common but outdated approach

China has, until now, followed a precedent set by the European Union, India and other economies: offering preferential trade only to LDCs. While this approach aligned with WTO norms like the EU's "Everything but Arms" scheme for duty-free and quota-free imports, it failed to reflect Africa's current realities. Africa is home to countries like Kenya, Nigeria, Ghana and Morocco – economically dynamic but not LDCs – left out of preferential access despite their pivotal roles in regional trade.

At Development Reimagined we have highlighted this issue for years. In 2021 we analysed how the LDC-only approach contradicted the then-new African Continental Free Trade Area (AfCFTA). Our 2023 *FOCAC Trade Brief* for the eighth Forum on China-Africa Cooperation called for structural reform, urging a more unified, continent-wide approach. In Beijing, we convened the African Union (AU) and Chinese stakeholders to examine trade frameworks like the US African Growth and Opportunity Act (AGOA), the Economic Partnership Agreements (EPAs) and those used by the BRICS bloc of countries – highlighting Africa's need for stable, transformative trade terms, not scattered, inconsistent access.

Now, Beijing has responded. China's new policy recognises that Africa is more than a collection of low-income countries – it is a continent with a shared economic vision. It aligns China's trade framework more closely with Africa's priorities.

Levelling the playing field for investment

This policy shift isn't just about improving export terms. It also has the potential to make African countries more attractive destinations for Chinese manufacturers looking to "go global".

Previously, manufacturers faced tariffs when exporting goods back to China from African countries not classified as LDCs. This discouraged investment in industrial capacity in much of Africa. With this barrier removed, the playing field has been levelled. Whether a factory is in Ethiopia or Senegal, it can now export to China under the same terms.

This opens new possibilities. Africa can position itself as a competitive base for Chinese supply chains – especially in sectors where low-cost, high-quality production is key. If African governments and the private sector act quickly, this could spur industrial job creation, regional value chains and stronger trade diversification.

Real barriers remain

But let's not pretend the removal of tariffs solves everything. Tariffs are only one barrier – and often not the most significant. African businesses continue to face steep challenges in accessing the Chinese market.

Logistics remain costly and inefficient. Language barriers slow negotiations and marketing. Branding, packaging and regulatory compliance require specialised support. Cross-border e-commerce – essential for small and medium enterprises (SMEs) – is expensive and underdeveloped. Without targeted support, preferential access will remain underutilised.

Coherence, not just access

Trade preferences only matter if they support Africa's broader development goals. That means aligning this new tariff regime with the AfCFTA and national industrialisation strategies. It also means creating better tools for implementation – harmonising standards, simplifying customs procedures and investing in digital and physical infrastructure.

Coherence is power. A unified African voice, backed by data and diplomacy, made this policy shift possible. Continued coherence will be essential to make it work.

Opposite: logged trees in Tete province, Mozambique, awaiting transport to Beira harbour and onward to China.

This is also a signal to other partners. If China can reform its approach to treat African countries equitably, so too can the EU, the US and others. As we argued at the time of the AU's inclusion in the G20, rebalancing global trade relationships requires a coherent, African-led approach. It's time for the rest of the world to match Africa's unity and ambition with equally inclusive frameworks.

From milestone to momentum

This decision is a diplomatic win for African countries and a sign of China's willingness to listen and evolve. But it's not the finishing line – it's a starting point. Now the focus must shift from the announcement to implementation.

African governments should identify high-potential sectors and firms, provide export-readiness supportm and strengthen trade facilitation. China, for its part, should offer capacity-building, transparent customs processes and platforms for African businesses to showcase their goods and services. We must ensure that this policy does not benefit only the well-connected or the already-strong. SMEs – especially women- and youth-led businesses – must be at the heart of this transformation.

A future worth building

Trade is not just a technical issue – it's about opportunity, equity and power. With this shift, Africa and China have a chance to create a new model of partnership – one that is inclusive, forward-looking and mutually beneficial.

But opportunity is not destiny. Without action, zero tariffs could have zero impact. The next chapter of Africa-China trade must be written with the same energy, clarity and vision that brought us to this point.

Now the gates are open, it's time to walk through them together. ■

Leah Lynch is chief operating officer at Development Reimagined. Aishat Adebayo is communications lead at Development Reimagined.

This policy shift isn't just about improving export terms. It also has the potential to make African countries more attractive destinations for Chinese manufacturers looking to 'go global'

After failing on promises of turning "billions to trillions," global policymakers meet in Seville at the end of June to discuss the future of development finance. Will this time be different, asks **Liam Taylor**.

Can the UN forge a new development doctrine in Seville?

Ten years ago delegates from all over the world gathered in Addis Ababa, Ethiopia, to discuss the future of development finance. African countries saw grounds for cautious optimism. Foreign investment flows to the continent had doubled over the preceding decade. New sources of credit – especially dollar-denominated bonds and Chinese loans – created financing options beyond traditional aid. An ambitious list of "Sustainable Development Goals" (SDGs) was being finalised. The World Bank talked of turning "billions to trillions" by courting the pension funds and insurers of rich nations.

But the last decade has not turned out as promised. Growth in Africa has slowed, from an annual average of 5% in the ten years before the third International Conference on Financing for Development in Addis Ababa in July 2015, to 3% since. The next of these United Nations conferences is on 30 June in the Spanish city of Seville.

The UN thinks that another $4 trillion is needed every year to achieve the SDG targets, but money is hard to come by: the US is cantankerous; China preoccupied; investors hesitant; taxpayers indignant;

and budgets stretched. Four days of talking in Seville will not change any of that. But the conference, the fourth in a series since 2002, is a forum where countries meet on a slightly more equal footing than usual. For African countries, it might be an opportunity to articulate an alternative vision of how to finance development – if anyone is listening.

A lost decade

In retrospect the Addis Ababa conference of 2015 was a high-water mark, held at the very moment the tide was about to turn. The miracle of Chinese growth and the convulsions of western finance had, for a time, worked in Africa's favour: low interest rates, quantitative easing and soaring commodity prices all brought capital to the continent.

But however carefully they managed their economies, and however vital their natural resources, African countries were still on the periphery of the world economy, buffeted by forces beyond their control.

The first shock was a slump in commodity markets in 2014. Already China's economy was slowing, and soon American interest rates began to rise. Then came the Covid-19 pandemic and the war in Ukraine.

"Those big shocks – Covid, climate change, the different wars that are happening globally – have really diverted so much of the resources that were meant for development," says Claver Gatete, the executive secretary of the United Nations Economic Commission for Africa (UNECA).

Foreign financiers proved to be fair weather friends. Bond yields spiked when the pandemic hit, shutting African governments out of international capital markets for nearly two years. Since 2020 they have been paying back more money to banks and bondholders than they have received in new credit. Lending from China also dried up: its loans to Africa peaked at $29bn in 2016 before falling to $1bn in 2022; they totalled less than $5bn in 2023, according to researchers at Boston University. Aid from traditional donors has fallen too, even before the latest cuts.

As for the vaunted plan to turn "billions to trillions", even the World Bank's president Ajay Banga now concedes that it was "unrealistic". By their own reckoning, multilateral development banks and development finance institutions mobilised about $20bn of private co-financing for their projects in Africa in 2023, with only modest increases over the last decade. Less foreign direct investment is flowing into Africa now than in 2015.

A recent report from an International Commission of Experts on Financing for Development, reflecting on the legacy of the Addis Ababa conference, reaches sobering conclusions. "Ten years on," it says, "the record of achievement falls far short of what was envisioned… The SDGs, as an international framework for action, have been systematically undermined. The international financial system has proved to be ill-suited to support the investment needed and drive transformative change."

Léonce Ndikumana, an economist at the University of Massachusetts Amherst who sat on the expert commission, describes a sense of déjà vu. "It's as if 2015 is today," he says. "The same issues are being raised, and the same dissatisfaction is still being expressed, and the same gaps are still being observed."

Opposite: De Beers' Venetia Diamond Mine in Limpopo Province, South Africa.

Taxing times

What is to be done? For all the talk of new financing mechanisms, the most important source of money is still taxation, which raises twice as much revenue as inflows of aid, remittances and foreign investment combined. African states collect about as much tax as might be expected, given their levels of income, but are struggling to get more. In 2015 they raised an average of 14.1% of GDP in taxes, according to the OECD – the Organisation for Economic Co-operation and Development, a club of rich countries. By 2022 the figure had crept up to 14.6%.

Lots of effort has gone into collecting taxes from small informal businesses, without much success. Many of these businesses make miniscule profits anyway. In countries like Uganda and Tanzania, disgruntled traders have shuttered their shops for days in protest. In Kenya, protesters tried to storm parliament last year and forced the president William Ruto to back down on his revenue-raising plans, such as a value-added tax on bread.

A more promising source of revenue, for some countries at least, is natural resources. "African countries are made to believe that they must provide good incentives in the form of tax reductions and waivers for foreign companies to come and invest in extractive industries," says Ndikumana, "and they end up getting very little from the exploitation of natural resources in terms of tax revenue". He argues that governments should play a more direct role in extraction and negotiate for a larger share of the profits in joint ventures, as Botswana has recently done with the mining company De Beers.

"The other problem," says Ndikumana, "is that multinational corporations are very, very good at evading taxes, by manipulating their profits, by shifting their revenue to low-tax jurisdictions outside the continent, and by gaming the system through things like transfer pricing."

African countries have been leading the charge for a UN Framework Convention on International Tax Cooperation, hoping that they will have more of a say at the UN than in existing processes led by the OECD. Negotiations on the text began in February, although the US immediately walked out.

Clamping down on tax avoidance is part of a broader effort to stem illicit financial flows. Ndikumana and his colleague James Boyce have scrutinised discrepancies in the capital accounts of 30 African countries and estimate that $97bn has fled the continent unrecorded every year on average since 2010. That is an estimate of capital flight, not uncollected tax, and the estimates are contested: discrepancies in the data sometimes have innocent explanations. Nonetheless, the problem is probably large, and too often overlooked.

Looking outside

Meanwhile, the world's richest countries have failed to meet their promises to provide 0.7% of their income in aid, while continuing to gobble resources, harbour illicit outflows, and fuel climate change. Most big bilateral donors will spend less on aid this year than last, according to SEEK Development, a consultancy. Donald Trump's budget proposals would cut the US foreign aid budget to just 0.03% of its GDP,

‘African countries are made to believe that they must provide good incentives in the form of tax reductions and waivers for foreign companies to come and invest in extractive industries… and they end up getting very little from the exploitation of natural resources in terms of tax revenue’

according to DEVEX. “There has to be an increase in terms of concessional resources,” says Gatete of UNECA. “We are not talking about aid; we are talking about cheap resources for developing countries.”

He argues for a scale-up of financing through the concessional lending arms of the World Bank and the African Development Bank (AfDB), both of which provide long-term loans at interest rates far better than those on offer from private creditors.

An independent expert group on the reform of multilateral development banks, commissioned by the Indian presidency of the G20 group of nations, reckons they could be lending an additional $260bn a year by 2030, including $60bn of extra concessional finance; but that will only happen if rich countries stump up more money.

The World Bank’s concessional lending arm has a record $100bn to play with for the next three years; but that falls short of the $120bn that African countries wanted. And that amount was only raised by recycling payments from past loans and leveraging the Bank’s balance sheet, as pledges from donors have been flat. Meanwhile the AfDB is battling to persuade donors to replenish its own fund.

Another idea is to issue more special drawing rights (SDRs), a type of international reserve asset created by the IMF which can be exchanged for dollars and other major currencies. The last allocation, in 2021, helped African countries to plug fiscal holes after the pandemic.

“A new issue of special drawing rights is the right thing to do,” says Vera Songwe, a non-resident fellow at the Brookings Institution, and founder and chair of the Liquidity and Sustainability Facility. “That is the only source of cheap resources. We should do it before the [next] crisis hits.”

African countries also want a more effective mechanism for restructuring debt when they run into trouble. Chad, Zambia, Ghana and Ethiopia all applied for restructuring under the G20’s Common Framework, but bickering between creditors meant the process dragged on for years. Ethiopia’s application is still unresolved. Suggestions range from suspending debt payments during negotiations to systematic debt relief and even convening a UN convention on debt, similar to the convention that African countries are already demanding on tax.

“The most important thing coming out of [Seville] is to get a comprehensive intergovernmental binding process on debt restructuring,” argues Jason Braganza of the African Forum and Network on Debt and Development (AFRODAD), a pan-African civil society group with head offices in Zimbabwe.

Private dreams

The other big area for discussion will be the role of private finance, which has not flowed into Africa in the volumes that was hoped. Here, too, macroeconomic turbulence is partly to blame. “People are holding off on making investment decisions because there is uncertainty,” says Songwe. “The advanced countries first of all need to bring some order to their own economies, because the fastest way to growth is that the advanced economies give us some stability.”

Institutional investors in the global north, who hold trillions of dollars of assets, remain hesitant about Africa. In some cases they are bound by regulations, such as the solvency capital requirement for European insurers, which make it more difficult to invest in emerging markets. In others they are held back by the view that African assets are too risky – a perception that many in Africa say is unwarranted.

Data on loans by multilateral and bilateral institutions to private borrowers show that average annual default rates in sub-Saharan Africa are nearly 6%, a couple of percentage points higher than in any other region; but recovery rates are higher too.

Even when private investors do venture into Africa, they struggle to find bankable projects. Organisations like Africa50, established by the AfDB with the support of African governments, are trying to change that by midwifing projects through their early stages. Over the past year Africa50 has partnered in initiatives ranging from an innovation hub in Rwanda to a renewable energy fund in Nigeria.

African investors might be a better bet than foreign ones. A recent report by the Africa Finance Corporation estimates that the continent's insurers and pension funds manage $777bn of assets. It suggests that there are big pools of savings that can be deployed into infrastructure projects, although a note of realism is needed. Three-quarters of those assets are concentrated in South Africa. In Nigeria pension funds have grown rapidly, but just 1% of their money goes into infrastructure, and their first duty is to protect the savings of their members. Even in the ageing, wealthy economies of the OECD, large pension funds invest less than 4% of their portfolio in unlisted infrastructure – that which is not owned by publicly traded companies.

A deeper concern is that a focus on private finance is undermining the prospects for building developmental states. The political economists Daniela

Right: Seville's Metropol Parasol in La Encarnación square. The city hosts the crucial UN meeting.

Modest progress after the US quits

On 17 June, shortly before *African Business* went to press, countries agreed on a final version of the *Compromiso de Sevilla* (the "Seville Commitment"), which will be the legacy of the upcoming conference. The document was the product of months of fraught negotiations and was only concluded after the United States walked out of the process entirely. It fell short of what countries in the Global South had been asking for.

The US, in isolationist mood, complained that the 38-page text was too long and too costly, and would duplicate existing mechanisms. Beneath many of its objections was a hostility to the UN, where decision-making is relatively democratic. Instead, the US wants power in the world economy to remain concentrated in the institutions where it holds most control, such as the IMF and World Bank, in which it is the largest shareholder and wields effective veto power.

For example, the US argued that calls for greater multilateral lending were an unjustified interference in the workings of international financial institutions. It said that UN fora have "no relevance for US trade policy," nor were they an appropriate venue to discuss financial regulation. It added that proposals for a UN role in debt resolution were "unacceptable" and that a UN tax convention would represent "unwelcome overreach". It even called into question the Sustainable Development Goals, which all countries agreed in 2015.

After the US stormed out, the rest of the world was able to reach a consensus. The EU, pointedly, celebrated the agreement as a victory for multilateralism.

But it too had challenged some of the demands coming from the Global South. European countries watered down the text and disassociated themselves from key passages.

A critical opportunity derailed

"What began as a critical opportunity to advance essential reforms that would give Global South countries a seat at the decision-making table was ultimately derailed by sustained pressure from Global North countries, including the EU and UK, to pursue their policy agenda," said Jean Saldanha, director of the European Network on Debt and Development (EURODAD), a civil society group. "While there is

Gabor and Ndongo Samba Sylla describe an emerging "Wall Street consensus" under which de-risking mechanisms such as credit guarantees are used to transfer risk onto states while leaving profits in private hands. "Industrial partnerships based on de-risking ultimately surrender the pace and agency of structural transformation to private and mostly foreign capital," they write.

The road to Seville

Geopolitics will hang like a cloud over the conference in Seville. The US will not be attending, after walking out of talks to negotiate the declaration that will accompany the meeting (*see box below*).

The World Bank and IMF are uncomfortable with a UN process trying to tell them what to do. Patient multilateralism is giving way to a world of bilateral deal-making, from the surge of Gulf investment into Africa to US talks with the Democratic Republic of Congo.

"We have talked and talked and talked... but of course if you are the one giving money you know what you want to listen to," says Gatete, hinting at the frustration that African countries feel about broken commitments from rich countries in the past. Nonetheless, the gathering in Seville might be their best chance to get heard.

As Songwe notes, UN-led conferences "are a little bit more open and more democratic" than processes led by the G20 or the Bretton Woods institutions, where the rich rule.

Braganza, the civil society activist, concurs. "The Financing for Development process is not a pledging conference – it's about changing normative ways of how we do business," he says. "It's about changing the way the global economic system works and democratising it." ■

some positive language in the document, at a time when Global South countries have been calling for the transformation of the international financial architecture, rich countries have once again shown their reluctance to give up their grip on the global economic system."

One area of contention was debt. Civil society groups and some developing countries had been calling for an intergovernmental process towards establishing a UN Debt Convention.

The final text points at this idea, but the language has been watered down, aspiring only to "make recommendations for closing gaps in the debt architecture".

"This cruel and unnecessary positioning by a small group of wealthy nations, dramatically delaying the establishment of a UN convention on debt, will exact a devastating human toll on people across the Global South," said Liz Nelson, director of advocacy and research at the Tax Justice Network.

A section on special drawing rights (SDRs) – a kind of reserve asset created by the IMF – was also weaker than in earlier drafts.

The final version invites the IMF to create an "SDR playbook" for how they can be deployed during crises and shocks, but remains vague on the specifics. Despite their disappointment, developing countries were hopeful that the *Compromiso de Sevilla* offers something to build upon.

"While it is not a perfect reflection of all our priorities, it does represent a forward-looking and constructive step in many critical areas of financing for development, particularly for the Global South, to address the financing gap, advance the reform of international financial architecture, and to accelerate the achievement of the 2030 Agenda," said the Group of 77 and China, a coalition that has expanded to include 134 countries, including many from Africa, since it was launched by 77 in 1964.

The G77 expressed regret that several of its priorities were not included. For example, it noted, there was no mention of existing climate finance commitments, non-tariff trade measures, or annual SDR allocations for development. It described the document as "a modest step toward improving the global financial safety net". Now the Global South will have to push hard to make sure that even these modest proposals are implemented.

Sidi Ould Tah takes charge of the AfDB amid Africa's funding crisis, with a mandate to shift the bank from aid provider to engine of investment-led growth. **Lennox Yieke** *reports.*

Change of guard: the road ahead for AfDB's new president

Sidi Ould Tah's election to the helm of the African Development Bank (AfDB) in May comes at a pivotal moment for Africa's biggest multilateral lender. Africa is grappling with a worsening funding crisis and the increasingly urgent need to assert its economic independence amid fraying global multilateral cooperation.

Many African governments face severe fiscal constraints, squeezed by dwindling donor support, limited budgetary room and crippling debt repayments. These pressures have forced leaders to make tough choices about where and how to spend limited funds, with critical programmes in healthcare, education and infrastructure bearing the brunt of budget cuts.

Financing to address the climate crisis is also in alarmingly short supply, with a recent Financial Sector Deepening (FSD) report finding that only about 23% of the estimated annual funding required to meet the 2030 climate goals in Africa is currently being met.

African leaders are looking to the AfDB to help them not only confront these pressing challenges, but also reset Africa's development paradigm by

helping countries to transition from aid dependency to investment-driven economic growth.

“Tah’s agenda will revolve around shifting the bank from an aid provider to an investment catalyst,” wrote Jacques Emmanuel Attoumbre, an analyst at Concerto, based in Paris.

Widespread support

Attoumbre credits Tah’s victory in the elections to “widespread support and [the] backing of the Arab world”.

Tah secured 76.18% of the total vote and 72.37% of regional votes in the third round of voting, defeating Zambia’s Samuel Maimbo, Senegal’s Amadou Hott, Chad’s Abbas Mahamat Tolli and South Africa’s Swazi Tshabalala.

The winning candidate must get 50.01% of both the regional and total vote. The bank’s shareholder base includes 54 African countries and 27 non-African countries.

“While he was the last to declare his candidacy, his bid was supported by a coalition of African and Arab countries, notably Saudi Arabia, which lobbied Arab League members,” Attoumbre noted.

Tah, who has four decades of experience in international finance, is the outgoing president of the Arab Bank for Economic Development in Africa (BADEA) and a former economy minister for Mauritania. Attoumbre believes that his track record at BADEA strongly appealed to shareholders.

“His strong track record at the BADEA – where he more than tripled the institution’s capital over his presidency and secured the second-best credit rating, a notch below the coveted AAA rating – also played in his favour,” he says. The bank is rated double A-plus by Moody’s, Standard & Poor’s, Fitch and the Japanese Credit Rating Agency.

“It’s too early to tell whether he can replicate the wins of his tenure at the helm of the BADEA. The litmus test of his mandate will likely be how successfully he can secure billions of dollars from the Gulf to support Africa’s development,” he adds.

Renewed optimism

Frannie Léautier, a nonresident fellow with the Atlantic Council’s Africa Center, observed that Tah’s election had brought about a “renewed sense of optimism”.

“As Tah’s campaign manager, I witnessed firsthand how his platform evolved – and how shareholders ultimately rallied behind him,” she said.

“Tah’s decisive victory reflects a desire among shareholders for a leader with a track record of institutional transformation and financial innovation,” she added.

With the US proposing to cut $555m in funding for the AfDB, shareholders opted for a candidate who could mobilise alternative funding, she argued.

“Tah is expected to enhance domestic resource mobilisation and implement innovative financial instruments. He is also slated to strengthen partnerships and diversify funding sources, especially with emerging powers such as Turkey, the United Arab Emirates, Saudi Arabia and others, to secure needed resources for the continent’s development agenda,” she noted.

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‘Tah is expected to enhance domestic resource mobilisation and diversify funding, especially with emerging powers such as Turkey, the United Arab Emirates and Saudi Arabia’

Passing the baton with confidence

Tah will take the reins of the AfDB in September, succeeding Nigeria’s Akinwumi Adesina who focused on growing the bank's balance sheet and improving its development impact. Under his leadership AfDB’s capital grew from $93bn in 2015 to $319bn in 2025.

“This expansion enabled unprecedented financial support to African countries, with $102bn in approvals over the past 10 years, accounting for 46% of all approvals since the bank’s inception in 1964,” he said at the closing ceremony of the AfDB annual meetings in Abidjan, his last as president.

“These are not just numbers. They represent transformative impacts across Africa,” he said, noting that the bank’s initiatives in areas like electricity, water and sanitation, food security, healthcare and transport had impacted 565m Africans over the past decade.

“As I prepare to pass the baton I do so with confidence. I am proud to leave behind a very strong financial institution that can weather any storms,” he told journalists at the AfDB annual meetings. Adesina expressed confidence that, with Tah, the bank was in “good and safe hands”.

“Sidi is mature, experienced and competent. The bank is in good and safe hands,” he posted on social media platform X.

Adesina is charismatic and outspoken, while Tah is seen as having a more reserved demeanour. Yet, personalities aside, the two seem to share the same passion for results and determination to see Africa succeed in a world where the odds are not always stacked in its favour.

The road ahead for Tah will be challenging as he embarks on his five-year term as president of Africa’s largest development finance institution. He will have to knock on multiple doors to secure new funds and offset the shrinking contributions of Africa’s main donors.

He will also have to re-engineer processes at the AfDB to help it move with greater speed and agility in view of Africa’s expanding development needs. It’s certainly not going to be a walk in the park, but Tah is confident that he will deliver on his vision.

“I extend my deepest gratitude to all who supported me – regional and non-regional members of the bank and the leaders and countries that they represent. This marks the beginning of a challenging yet inspiring journey – together, we will drive Africa’s transformation with unity, ambition and purpose,” he posted on X after the election results were announced. ■

Opposite: Sidi Ould Tah greets delegates during his acceptance speech in Abidjan.

With foreign aid declining and economic pressure rising, leaders at the AfDB annual meetings called for self-reliance and mobilisation of Africa's capital, writes **Lennox Yieke**.

Amid funding squeeze, Africa urged to pursue self-reliance

Calls for Africa to strengthen its economic self-reliance and develop using its own capital intensified at the African Development Bank (AfDB) annual meetings in Abidjan, where more than 6000 delegates assembled for five days of meetings and discussions on Africa's development landscape. Africa is grappling with a significant development funding squeeze amid drastic cuts to foreign aid by western nations.

On top of dismantling USAID and freezing billions of dollars in foreign aid, Washington is reconsidering a $555m development finance commitment to the AfDB. European nations have also slashed overseas development assistance budgets in recent months, adding to the financial strain facing African countries that heavily rely on foreign aid to fund government programmes in education, healthcare and infrastructure.

No free lunch

The question of how Africa can navigate this challenging funding environment hung heavy in the air during the course of the annual meetings. Leaders and experts who spoke stressed that the time was nigh for Africa to shift its attention to domestic and alternative sources of capital. Africa, they argued, must harness its own capital – natural, human, and financial – to drive a new era of economic self-reliance.

"We can't keep waiting for outsiders. Our roads, schools, and jobs should be built with our own capital. It's time to invest in ourselves," President Alassane Ouattara of Côte d'Ivoire said during the official opening ceremony.

John Mahama, president of Ghana, urged African leaders to view self-reliance as a strategic imperative in view of ongoing geopolitical shifts around the globe. "We've transitioned into a transactional world, which signals to Africa that we need to pull ourselves up by our bootstraps," he said.

"Unfortunately, the system is being amended and countries have decided to impose tariffs based on their own interest. It sends a signal to Africa that there is no free lunch anywhere," he added.

Untapped domestic resources

The African Development Bank's *African Economic Outlook 2025* (AEO) report, launched during the AfDB annual meetings, contends that, with the right policies, Africa could mobilise an additional $1.43 trillion in domestic resources from tax and non-tax revenue sources. This exceeds Africa's estimated $1.3 trillion annual gap in financing to achieve the Sustainable Development Goals (SDGs) by 2030, the report notes.

Delving into some of the major reforms needed to harness the continent's untapped domestic resources, the report states that "Africa must broaden its revenue base, curb resource leakages, formalise its vibrant informal sector, deepen domestic financial markets and enhance the efficiency of public spending as well as tap into the transformative power of the diaspora."

Speaking during the report's unveiling, Kevin Uramah, AfDB's chief economist and vice president, stressed that revenue leakages were a persistent challenge undermining the pace and scale of development across the continent.

Compared to $190.7bn of financial inflows that Africa received in 2022, approximately $587bn was lost from financial leakages, the AEO report highlights. Of this, around $90bn was lost to illicit financial flows, a further $275bn was siphoned away by multinational corporations shifting profits, and $148bn was lost to corruption.

"There can be no substitute for sound macroeconomic policy management, quality institutions, good governance and the rule of law," Uramah said.

Even though the continent has broadly recovered from the shocks of recent years such as inflation and the Covid-19 pandemic, the macroeconomic situation remains fragile in some countries. Indeed, the AEO report notes that fifteen countries are experiencing double-digit inflation, while interest payments now consume 27.5% of government revenue across Africa, up from 19% in 2019.

Uramah argued that allocating more of Africa's own capital to fund its development would catalyse additional investment from global investors by demonstrating to them that locals have skin in the game.

"When Africa allocates its own capital – human, natural, fiscal, business and financial – effectively, global capital will follow Africa's capital to accelerate investments in productive sectors in Africa," he said.

Bringing in domestic institutional capital

According to Frannie Léautier, a nonresident fellow with the Atlantic Council's Africa Center, leveraging Africa's domestic institutional capital – such as assets held by pension funds, sovereign wealth funds, and insurance firms – will require a relentless focus on innovation and extensive regulatory reform. She believes that there is scope for African pension funds, which held assets worth $455bn in 2024, to invest

Opposite: the opening of the African Development Bank (AfDB) annual meetings in Abidjan, where more than 6000 delegates assembled for five days of meetings.

ARABIE SAOUDITE
ANGOLA
ALLEMAGNE
ALGERIE
AFRIQUE DU SUD

more heavily in low-income countries through the African Development Fund (ADF), which is the AfDB's concessional funding window. Pension funds cannot currently invest directly in the ADF.

"The African Development Fund can only receive capital from member countries. There are some reforms that are currently underway to bring in capital from outside the traditional member countries. This could open the way for African pension funds to get more involved," she tells *African Business* on the sidelines of the AfDB annual meetings. She says that investing in the ADF presents African pension funds with an opportunity to earn "double returns, because you get a return in boosting economic growth and jobs, but you also get your funds repaid".

Léautier says that the ADF is presently leveraging innovative tools such as partial risk guarantees and private credit guarantees to de-risk the private sector and make projects more attractive to risk-averse investors. This can help attract investments from pension funds into projects and countries. Partial risk guarantees are designed to insulate private lenders against political and regulatory risks that may arise due to state-related entities failing to honour contractual obligations. Private credit guarantees, on the other hand, enhance the credit-worthiness of ADF countries and state-owned enterprises, enabling them to access commercial financing more competitively.

"On the equity side, we have innovations like taking first loss in an equity structure. This is very good, in particular for pension funds, who have to pay for their members' retirement and must make sure that their investment is not lost."

"When you have these kinds of structures, they [pension funds] become more comfortable to invest in private sector transactions," she says.

Stressing the ADF's role in "paving the way for the private sector to invest and create jobs," she urges ADF member countries to scale up their contributions to the fund in its 17th replenishment. ADF is targeting $25bn in this current funding cycle – an ambitious increase from the record $8.9bn (including $429m for a new climate window) that was raised in the 16th cycle.

Innovative financing

Kader Hassane, senior investment director at Africa50, tells *African Business* that the platform's innovative approach to financing has allowed it to mobilise institutional capital for infrastructure development in Africa. This includes tapping into African pension fund money through the Africa50 Infrastructure Acceleration Fund (IAF), a 12-year closed-ended private equity fund designed to mobilise large-scale institutional capital for infrastructure projects.

"For the first time in Africa, we were able to launch an infrastructure fund and raise over $200m almost exclusively from African institutional investors," Hassane says. "What we're hoping for is that this is a proof of concept. We have pension funds from Morocco, Côte d'Ivoire, Cameroon, and even PIC [the Public Investment Corporation] from South Africa involved."

Sponsored by Africa50, IAF secured $222.5m in commitments from 16 African institutional investors in its first close in December 2023. It is aiming for $500m in total commitments and focuses on equity and quasi equity investments.

Some of the raised capital has already been deployed in a port project in Casablanca, Hassane says, noting that the goal is to build a strong pipeline of commercially viable projects with clear development impact. "We must deploy properly and ensure a track record. Once African pension funds can see that you can make a return and at the same time develop your continent and invest in infrastructure, I am confident we are going to be able to raise a lot more money," he said.

'We can't keep waiting for outsiders. Our roads, schools, and jobs should be built with our own capital. It's time to invest in ourselves'

Above: President Alassane Ouattara of Côte d'Ivoire during the opening ceremony.

Africa50 was founded by African governments and the AfDB in 2015. Hassane points out that "a focused and innovative approach" is what make Africa50 unique and able to leverage its balance sheet to catalyse billions in private investment in African infrastructure. "Our capital base is not the largest (currently slightly over $895m) but we pride ourselves on having capitalised more than $8bn worth of portfolio projects" he explains. "In the last eight years we have turned over 29 projects in 28 different jurisdictions – quite a feat in the African context. Because we are smaller we tend to be more nimble and can address the niches of the market. This is really the DNA of Africa50. It is speed, efficiency and innovation in our delivery," he says.

He notes that four sectors currently dominate Africa50's portfolio: energy; transport; information and communications technology; and mid-stream gas. "These sectors represent more than 85% of our portfolio. We have opened up a bit to include health and education."

Looking forward, Hassane argues that asset recycling is one of the ways Africa50 will seek to collaborate with governments to catalyse additional private investment in infrastructure amid funding constraints. He notes that Africa50 is championing asset recycling in a bid to help African governments optimise their resources and develop much-needed infrastructure without increasing public debt.

"The process begins with governments identifying infrastructure projects that will attract private investors. The focus is on commercially viable, revenue-generating assets such as toll roads, airports, or power plants. Once the asset is operational, the government can grant a long-term concession to a private investor, such as Africa50, to operate and maintain the asset in exchange for an upfront payment."

The upfront payment unlocks immediate liquidity for the government, which can utilise the funds unlocked by the transaction to upgrade existing

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infrastructure or develop new assets. "The government can take this money and develop new infrastructure, which we can again help them recycle. So it's about enabling governments to move faster, to close infrastructure gaps while preserving fiscal space," he says.

"We have done it in Gambia with the Senegambia bridge. It cost the government $130m to build it and we are giving them $93m up front in two tranches," he notes.

Bigger share of natural resource wealth

According to the AEO report, Africa hosts 30% of global mineral reserves. With the right policies that enable Africa to stake a greater economic claim on its natural resources, the continent stands to capture over 10% of the projected $16 trillion in global revenues from key green minerals by 2030.

The continent's mining sector is presently dominated by foreign firms that mostly focus on the extraction and exportation of raw minerals, limiting the flow of natural resource wealth to local people. While global mining giants continue to dominate large-scale operations, local entrepreneurs running early-stage mining companies face significant hurdles scaling their businesses. This is primarily due to challenges in accessing domestic capital.

Most of the domestic capital in Africa is sitting in banks. However, commercial banks tend to shy away from local early-stage mining projects due to regulatory requirements and low risk appetite, experts argued at a panel focused on mobilising domestic capital for Africa's mining sector.

"They [banks] are usually constrained by regulatory handcuffs. The regulators who oversee them or supervise them have set in place sectoral limits, setting conditions which makes it difficult for them to go into early stage projects in mining," said Adeniran Aderogba, CEO and president of Nigeria's Regional Maritime Development Bank.

He pointed out that commercial banks have lower risk appetite and often require collateral beyond the project itself, forcing entrepreneurs to put up personal assets such as their homes or other properties as security. Moreover, even when a firm qualifies for financing, banks usually offer loans for shorter durations, which is at odds with the long project life cycles typical of early-stage exploration.

Aderogba pointed out that, in response to the funding challenges faced by mining companies, development finance institutions (DFIs) have increasingly stepped in to fill the gap. "We have seen Africa-focused DFIs beginning to focus on early-stage projects in the mining sector. They are establishing special facilities – what we call project preparation facilities – to tackle these challenges," he said.

He argued that governments could provide credit enhancement tools, such as sovereign guarantees and political risk insurance, to support early-stage mining projects.

Above: Mona Iddrisu, head of youth employment and skills at the African Centre for Economic Transformation.

> ***'We focus too much on enrolment and too little on equipping youth with the skills employers actually demand... Young people and especially women must be present at tables where money is discussed. We need to get young people where the money is'***

Harnessing the demographic boom

Koffi N'Guessan, Ivorian minister of vocational training and apprenticeships, said that job creation for the youth was the key to transforming Africa's demographic boom into real economic and geopolitical strength.

"Africa is poised to become a major global power, alongside China and India, due to its demographic potential. However, we must prioritise vocational and technical training to fully harness this demographic dividend," he said.

He highlighted an alarming trend: approximately 22.5% of young people aged 15 to 24 in Africa are unemployed with no education or training. Moreover, some 250m children and young people in low-income countries are not in school.

"Youth can become a liability if robust training policies are not implemented – from nursery school through to university," he warned.

Mona Iddrisu, head of youth employment and skills at the African Centre for Economic Transformation (ACET), tells *African Business* that there is an urgent need to strengthen "industry-classroom linkages". This, she adds, will help address a growing problem – many youth don't possess the skills demanded by employers despite many years spent in school.

"The problem is that we focus too much on enrolment and give little attention to equipping youth with skills that are actually demanded by employers. We are not aligned to the labour market. Training today should not be about certification, but about upskilling and reskilling," she says.

"Reforming our education system and investing in labour information systems is a good long-term solution. In the medium term we should unify and expand our labour markets, ensuring the free movement of people within the continent.

"In the shorter term we should think about upskilling and reskilling in productive sectors like agriculture, the creative economy, the digital economy and the care economy," she said.

Iddrisu warned that, when it comes to creating job opportunities for the youth, African leaders cannot afford delay or inaction. "When you have frustrated, hungry, underemployed or unemployed idle youth, it's a recipe for disaster. We must be intentional about creating jobs for our young people."

She called on leaders in both the public and private sectors to make more room for the youth in decision-making roles where they can have a real influence on how resources are allocated.

"Young people and especially women must be present at tables where money is discussed. We need to get young people where the money is. We need to grow youth incomes. It is urgent." ■

EBID and ATIDI have signed an agreement to de-risk private sector investments in West Africa, aiming to boost economic growth by enhancing credit risk management and attracting transformational financing.

EBID and ATIDI partner to de-risk private sector investments in West Africa

The private sector in west Africa is poised for a fresh boost after the ECOWAS Bank for Investment and Development (EBID) and the African Trade & Investment Development Insurance (ATIDI) inked an agreement to support economic activity in the region.

Signed on the sidelines of the African Development Bank annual meetings in Abidjan, the memorandum of understanding (MoU) provides a general framework for the two institutions to collaboratively de-risk private sector transactions in West Africa.

This new partnership is set to enhance efforts to attract private investment to the region, with a focus on expanding industrial capabilities, accelerating infrastructure development, and building regional value chains.

"In partnering with ATIDI, the Bank takes yet another step towards enhancing its risk management strategy, which will enable it to secure competitive resources to finance transformative development projects across West Africa," said Dr George Agyekum Donkor, President and Chairman of the board of directors of EBID, during the signing ceremony.

Mitigating risks

Dr Donkor highlighted the various macroeconomic pressures facing countries in the region, outlining challenges such as debt distress, high funding costs, high non-performing loans in the private sector, and the threat of credit downgrades by credit ratings agencies.

"Private sector non-performing loan (NPL) ratios in some countries have reached 15-20% due to various pressures, far above global averages," he elaborated.

He also cited security and political challenges in the region, noting that this had adversely impacted the risk profile of some nations. "As a DFI [development finance institution], EBID invests in areas where many commercial financiers would hesitate. Our objective is not only to drive impact but to do so sustainably while earning the trust of global markets. To this end, credit risk insurance is not a luxury – it's a necessity," he said.

● **Above and opposite: Dr George Agyekum Donkor, president and chairman of the board of directors of EBID, and Manuel Moses, CEO of ATIDI, signed on the sidelines of the African Development Bank annual meetings in Abidjan the memorandum of understanding which provides a general framework for the two institutions to collaboratively de-risk private sector transactions in West Africa.**

"Engaging partners like ATIDI to provide credit insurance options helps to mitigate the challenges mentioned by reducing the Bank's exposure to sovereign default risk while strengthening its risk management framework, which translates into better capital adequacy and more stable asset quality," he added.

Manuel Moses, CEO of ATIDI, welcomed the partnership, stating that ATIDI "will spare no effort to make the partnership a dynamic, prolific and successful one."

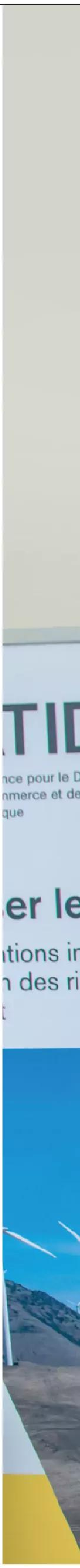
"This MoU represents a concrete step towards enhancing access to finance for the private sector, particularly for SMEs [small and medium enterprises] which are the backbone of Africa's economy," he said. "Importantly, the MoU reflects the need for strategic collaboration among key players in development finance. Only by pooling their assets can institutions such as EBID and ATIDI reach the scale where they can achieve their planned development impact and enable transformational investment for the benefit of ECOWAS citizens," he added.

Expanding the loan book

The MoU comes at a time when EBID has substantially grown its loan book. In 2024, the Bank disbursed $473.8m – 24% of its balance sheet – a significant increase from 16.5% the previous year. As of 2024, EBID had disbursed a cumulative $2.3bn directly to SMEs, women entrepreneurs, and major industrial projects, creating over 1m jobs.

In April, the Board of Directors of the Bank approved $230m and XOF 10bn for strategic regional initiatives, including a $50m credit line to Sterling Bank Nigeria to support SMEs across sectors such as health, education, and renewable energy; a XOF 10bn facility to Benin Cashew SA to co-finance cashew nut processing; and a $180m facility to Mota-Engil Nigeria for the Kano-Maradi rail line, a vital link between Nigeria and Niger expected to generate over 100,000 jobs during construction and 20,000 permanent positions thereafter.

Dr Donkor expressed confidence that the MoU with ATIDI would help sustain this



momentum by de-risking transactions and crowding in additional financing from the private sector.

"Credit risk insurance gives us the tools to take calculated risks. It is my hope that this partnership will expand our reach and enable us to finance West Africa's future."

"West Africa is on a path of transformational growth. With a population set to exceed 500m by 2040, and urbanisation driving new infrastructure, energy, and digital demands, the pressure to finance sustainable development has never been higher," he added.

Founded in 2001 by African states with support from the World Bank, ATIDI provides political risk, credit, and surety insurance to mitigate risks for companies doing business in Africa. As of 2024, its instruments had helped facilitate trade and investments over $88bn in Africa. Over the years, the institution has maintained stellar credit ratings, having secured an A/stable rating for financial strength and counterparty credit by S&P and an A2/positive rating from Moody's.

"We help mitigate real and perceived risks, offering investors the security they need to move forward with projects and investments in Africa. We work closely with international and local stakeholders, both public and private, to create an environment of trust and stability, ultimately making Africa a more attractive investment destination," Moses told *African Banker* in a recent interview. ■

'Credit risk insurance gives us the tools to take calculated risks. It is my hope that this partnership will expand our reach and enable us to finance West Africa's future'

ATIDI
African Trade & Investment Development Insurance
BANQUE D'INVESTISSEMENT ET DE DEVELOPPEMENT DE LA CEDEAO
ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT
BANCO DE INVESTIMENTO E DE DESENVOLVIMENTO DA CEDEAO
FINANCIAL PARTNER FOR SUSTAINABLE DEVELOPMENT
risque.

BADEA and AWLN partner to boost women's financial inclusion and push for greater female representation in leadership across Africa. **Lennox Yieke** *reports.*

'Solidarity with women is an economic strategy'

The Arab Bank for Economic Development in Africa (BADEA) has partnered with the African Women Leaders Network (AWLN) to promote financial inclusion for women entrepreneurs on the continent. The two organisations, which signed a memorandum of understanding (MoU) on the sidelines of the African Development Bank (AfDB) annual meetings in Abidjan, pledged to work together to boost access to capital for women-led and women-owned businesses in Africa.

BADEA and AWLN also agreed to consolidate their efforts to advocate for greater representation of women in corporate boardrooms, management positions, and key decision-making roles.

"This partnership... opens the door to new strategic alliances aimed at amplifying the Network's impact across the continent," AWLN said in a statement.

Launched in 2017 under the aegis of the African Union Commission (AUC) and the United Nations (UN), AWLN is a network of accomplished women leaders in Africa drawn from the political, business, academia, science, community and general leadership arenas.

Below, from left to right: Fatima Farouk Elsheikh El Toum of BADEA with Joyce Mends-Cole, acting executive director of the African Women Leaders Network, and Bineta Diop, AU special envoy on women, peace and security.

Timely partnership

Bineta Diop, AU special envoy on women, peace and security and AWLN co-convener, welcomed the partnership with BADEA. She said that the move was aligned with the network's mission to "empower women with resources and decision-making power. AWLN, through its Private Sector Coalition and African Women Impact Fund, works to reduce disparities by forming partnerships, securing funding, and building alliances that empower women with resources and decision-making power."

She noted that the focus on financial inclusion was particularly timely in light of the significant gap in access to formal financial services that many African women entrepreneurs grapple with.

"Financial inclusion for women in Africa continues to be a significant obstacle," Diop said. "According to ACET [African Centre for Economic Transformation], women make up 58% of Africa's active workforce, yet only 30% have access to formal financial services. The financial inclusion of women is a vital economic growth strategy."

Get more women on boards

Diop urged business leaders and decision makers in the private sector to make more space for women in leadership. "We still have low representation of women on boards and management. We are still below 10% in Africa."

Fatima Farouk Elsheikh El Toum, secretary general of the boards of directors and governors of BADEA, said that getting more women on boards required a mindset shift – and not just among men, but also among women in leadership positions. She urged women leaders to be more assertive and confident in their abilities.

"You need to have the feeling that you can lead, you can thrive, you don't have to be apologetic for who you are. It is never something that is handed to you: it has to be demanded. We're not usually granted opportunities," she said on a panel during the MoU signing ceremony.

The panel explored strategies to increase women's access to executive roles, board seats, and institutional presidencies, highlighting concrete solutions to close the gender gap in decision-making spaces.

She highlighted the need for more public and private investment in education, arguing that this was the key to arming women with the power to lead major organisations.

"We have to believe that we are part of the making of the future and we have to make sure that this continent is offering girls quality education that can make them future leaders. Without education we will not reach our vision," she said.

"It's on us to create the opportunity for the next generation. We must ensure there is quality education so that we can bring a woman [into a boardroom] who is equally competent and able to speak to the chairperson of a corporation and tell him 'no'."

Tips for success

Speaking on the same panel, Mitwa Gambi, CEO of MTN Côte d'Ivoire, delved into how African women in business can ascend to positions of leadership and responsibility much quicker. "You must have self-belief and a support network," she said. She also highlighted the importance of networking to find

mentors. "It's not always about formal mentorship. Take advantage of the people you meet."

Gambi added that in addition to the right attitude and right network, women leaders needed to invest in themselves – to boost their skills, knowledge and understanding of their field.

Sharpen your craft

"Ultimately you have to be great at what you do. You need to sharpen your craft, going to bed knowing something new each day," she said.

Toyin Sani, founder of the Emerging Africa Group investment organisation, recounted her journey establishing the group seven years ago, stressing that it was important for women leaders to embrace risk.

"Courage is of critical importance. We must change our attitude towards risk taking. I left a high-paying job in a listed investment bank.

"Today I employ around 120 people and we've helped raise more than $1bn for our clients," Toyin said.

She added that her firm is keen on creating a working environment where women's contributions can be seen and rewarded.

"We have set up an environment to groom women in leadership positions. Key roles such as the head of risk management and our CFO are now women," she said.

Promoting accountability and inclusion

Monique Nsanzabaganwa, former deputy chairperson of the AUC, underlined the crucial role of the private sector in levelling the playing field for women in Africa. "Our aspirations to empower women will remain a vision and a statement until the private sector is involved. Jobs are created in the private sector.

She welcomed the move by an increasing number of companies to report on women's representation in the workforce, noting that accountability was key in ensuring progress in advancing gender equality in the private sector.

"Reporting on women's representation in board and management by the private sector is key. You're opening yourself up to scrutiny and it works. As we speak we have seen how the number of women in boards and executive and CEO positions has grown [as a result of reporting]."

Nasseneba Touré, minister of women, family and children of Côte d'Ivoire, stressed the need for an inclusive approach that doesn't leave behind women in rural areas, particularly those working in agriculture.

"Supporting women is key for Africa's prosperity. Solidarity with women is not a slogan but an economic strategy, and that's why we must not leave behind women in rural areas. It is thanks to them that we eat in our cities and villages. These are the women who feed Africa," she emphasised. ■

Below, from left to right: Hafou Toure, co-chair of the AWLN private sector coalition; Toyin Sani, founder of Emerging Africa Capital Group; Fatima Farouk Elsheikh El Toum, secretary general of the boards of directors and governors of BADEA; Monique Nsanzabaganwa, former deputy chairperson of the African Union Commission (AUC); and Mitwa Gambi, CEO of MTN Côte d'Ivoire.

As the continent prepares for the Africa Climate Summit and the United Nations Conference on Climate Change, Africa stands at the threshold of a carbon market revolution that could reshape its economic future, writes **Nardos Bekele-Thomas**.

Africa's carbon market awakening: from potential to power

While Africa bears the brunt of climate change impacts, despite contributing merely 3.9% of global carbon dioxide (CO_2) emissions, the continent is awakening to an unprecedented opportunity. Africa holds immense potential for nature-based climate solutions yet captures only 16% of the global carbon credits market – a $1.4bn industry projected to reach between $7-35bn by 2030 and potentially $250bn by 2050.

The climate contradiction

The statistics paint a stark picture of climate injustice. Africa's average surface temperature in 2024 was 0.86°C above the 1991-2020 average, with North Africa experiencing the fastest warming at 1.28°C above baseline. The continent endured unprecedented flooding, persistent droughts and extreme heat that disrupted agriculture, education and livelihoods.

Southern Africa experienced its worst drought in two decades, with cereal yields falling 16% below the five-year average. In Zambia and Zimbabwe, yields plummeted by 43% and 50% respectively, while West and Central Africa suffered devastating floods affecting over 4m people.

Despite this climate vulnerability, Africa's participation in global carbon markets remains dramatically underrepresented. The continent currently hosts over 100 carbon credit projects across more than 20 countries, with a collective offset capacity exceeding 90m tonnes of CO_2 equivalent annually. However, this impressive project portfolio reflects concerning concentration: renewable energy projects account for 27% of activities, household devices 16%, forestry 14% and energy efficiency 13%, with nearly 90% of recent credit supply historically concentrated in just two project types – cookstoves and deforestation avoidance.

Africa has utilised only 2% of its vast nature-based solution potential monetised through carbon markets, representing one of the world's most significant untapped opportunities for climate finance and sustainable development.

Economic transformation beyond environmental benefits

Carbon markets offer Africa far more than environmental restoration – they represent a pathway to economic transformation and social development. The voluntary carbon market's projected growth positions Africa to capture substantial climate finance flows at a critical juncture in its development trajectory.

High-integrity African carbon markets could mobilise up to $6bn in climate finance annually by 2030, while supporting up to 30m jobs across the continent. This economic potential extends beyond pure financial returns – carbon market projects directly contribute to at least 10 of the United Nations' 17 Sustainable Development Goals, creating synergies between climate action and development priorities including poverty reduction, food security, clean energy access and sustainable economic growth.

Current market signals demonstrate growing investor confidence. The Africa Carbon Markets Initiative (ACMI) has secured over $1bn in demand-side commitments for African carbon credits by 2030, including $650m in purchase intentions from Standard Chartered, Vertree, Nando's, ETG and the UAE Carbon Alliance, alongside $250m in letters of intent from investors to develop high-integrity projects. Kenya's experience illustrates the transformative potential. The country's comprehensive Climate Change (Carbon Markets) Regulations 2024 established a national carbon registry, mandatory community benefit-sharing mechanisms and alignment with international standards, creating a framework that ensures carbon revenues translate into local development outcomes.

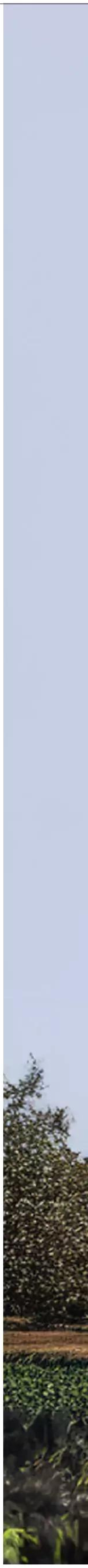
> **Africa bears the brunt of climate change impacts, despite contributing merely 3.9% of global carbon dioxide emissions... it endured unprecedented flooding, persistent droughts and extreme heat**

AUDA-NEPAD's strategic leadership

As the premier development agency of the African Union (AU), AUDA-NEPAD serves as the continent's primary coordinating mechanism for carbon market development. Our organisation's comprehensive carbon markets study, presented at COP28 in Dubai, identified four fundamental barriers limiting Africa's participation: lack of understanding about carbon market mechanisms, insufficient institutional capacity, absence of regulatory frameworks and limited access to financial resources.

AUDA-NEPAD's response to the growth of Africa's carbon markets has been systematic and ambitious, providing technical assistance and mobilising financial resources for climate adaptation initiatives and climate-resilient development.

Our organisation has established the Centre of Excellence on Climate Adaptation and Resilience in Cairo, serving as a hub for innovative research, knowledge generation and capacity building across



the continent. Most significantly, following the 37th African Union Summit's mandate in February 2024, AUDA-NEPAD is developing the African Gold Standard for Carbon Offsets – the continent's first indigenous carbon market standard. This groundbreaking initiative addresses concerns about "carbon colonialism" by ensuring African ownership and control over certification processes, methodology approval and benefit distribution mechanisms.

The African Gold Standard represents more than technical innovation—it embodies a fundamental shift toward ensuring carbon markets serve Africa's sustainable development goals.

The standard, once finalised, will incorporate food security considerations, energy access goals, poverty reduction, job creation and rural economic development alongside climate objectives, with strengthened requirements for community benefit-sharing and transparent revenue distribution frameworks.

Strategic partnerships and global collaboration

AUDA-NEPAD's approach recognises that Africa's carbon market transformation requires strategic partnerships across multiple scales. Our partnership with the Global Center on Adaptation focuses on the $25bn Africa Adaptation Acceleration Program (AAAP), which has already channelled over $15bn to build climate resilience for nearly 60m people.

Although climate finance flows to Africa have grown by 48% from $29.5bn in 2019/20 to $43.7bn in 2021/22, with private sector finance nearly doubling to $8bn, this growth represents only 23% of the estimated investment needs for implementing current Nationally Determined Contributions, highlighting the critical importance of carbon markets as a complementary financing mechanism.

Building momentum toward ACS-2

The Africa Climate Summit (ACS-2) in September 2025 represents a pivotal moment for showcasing Africa's unified approach to carbon markets. Unlike previous climate summits where Africa has primarily advocated for loss and damage compensation, ACS-2 will position the continent as a solution provider and investment destination.

AUDA-NEPAD's strategy for ACS-2 centres on demonstrating concrete progress in carbon market development. Several African countries have advanced regulatory frameworks in 2024, including Kenya, Ghana, Mozambique, South Africa, Rwanda, Tanzania, Uganda, Egypt, Senegal and Zambia, creating a foundation for coordinated continental action.

The summit will serve as a platform for launching the African Gold Standard, announcing new investment commitments and presenting bankable projects to international investors. With over 6,200 carbon credit projects registered globally in 2024 and 305m tons of credits issued, Africa's enhanced regulatory frameworks and quality standards position the continent to capture a significantly larger share of this growing market.

The path forward

As Africa prepares for ACS-2 and COP30, the continent stands at a unique historical juncture.

The convergence of growing global carbon market demand, enhanced regulatory frameworks, increasing institutional capacity, and strategic partnerships creates unprecedented opportunities for economic transformation through climate action. The projected growth of voluntary carbon markets to $35bn by 2030 coincides with Africa's enhanced readiness to participate meaningfully in these markets. The African Gold Standard, combined with strengthened national regulatory frameworks and AUDA-NEPAD's coordinating role, positions the continent to capture substantial value from its natural climate solutions.

Success will depend on continued coordination between AUDA-NEPAD and member states, sustained political commitment at the highest levels, adequate financial resources to support implementation, and effective engagement with international partners and carbon market stakeholders. The measurable targets – $6bn in capital mobilisation and 30m jobs by 2030 – provide clear benchmarks for evaluating progress.

As the world grapples with the urgency of climate action and the need for massive financial resource mobilisation, Africa's carbon market awakening represents both an opportunity and a responsibility. The continent that has contributed least to global emissions but suffers most from climate impacts is positioning itself to become a critical part of the solution – not through charity or compensation, but through mutually beneficial partnerships that drive economic development while addressing the world's climate crisis.

The journey from Addis to Brazil will test Africa's unity, resolve and strategic vision. But with AU's leadership, the African Gold Standard's promise and the continent's vast natural potential, Africa's carbon market revolution has begun.

The question is no longer whether Africa can participate meaningfully in global carbon markets, but how quickly the continent can scale its participation to meet both its development needs and the world's climate imperatives. ■

Africa's credit supply historically concentrated in just two project types: cookstoves and deforestation avoidance.

The African Medical Centre of Excellence aims to offer world-class treatment to reduce medical tourism from Africa. **Dulue Mbachu** *reports.*

Afreximbank backs an experiment in reverse medical tourism

The imposing building sitting at the edge of 6.5 hectares of land on the outskirts of the Nigerian capital, Abuja, is the site of a new experiment in reverse medical tourism. Built at a cost of more than $300m, the African Medical Centre of Excellence (AMCE), which started operations on 5 June 2025, is a specialist hospital for non-communicable diseases such as cancers, cardiovascular diseases and blood disorders – including sickle cell anaemia, which is most common in African populations – and other conditions. It is the largest specialised private hospital in Nigeria.

Each year thousands of wealthy Africans flock abroad, mainly to Europe and America, to seek medical treatments not found at home. The African Export-Import Bank (Afreximbank) estimates that they spend $6bn to $10bn annually on such trips. Nigerians alone are estimated to spend at least $2bn annually on foreign hospital visits.

The AMCE project developed by Afreximbank in partnership with King's College Hospital, London, is designed to reverse the prevalence of medical tourism and make locally available the medical services for which many flock abroad at great expense. First, by making available, locally, the top-notch medical services for which many flock abroad at great expense.

"We've recruited from all over the world the very best we can find," said Brian Beaver, the chief executive officer of AMCE. "And as it turns out, the very best frequently were Nigerian doctors and nurses. No matter where we go, the best health institutions in the world, the top echelons, are filled with Nigerian doctors and nurses."

As Nigeria's health facilities deteriorated in the face of poor governance and inadequate funding from the mid-1980s, many of its best medical professionals began to emigrate abroad in search of better opportunities and professional fulfilment. The World Health Organization estimates that 2,000 doctors leave Nigeria every year for places like the US, the UK and Canada.

A life-changing experience

The idea of setting up a world-class hospital in Nigeria is rooted in the personal experience of Benedict Oramah, the president of Afreximbank. "In 2013, I had my own close call when I became seriously ill and was evacuated to King's College Hospital in London, where a frantic battle to save my life ensued," Oramah said at the launch. "Being here today is a testament to the power of cutting-edge medical research, clinical knowledge, and a solid healthcare ecosystem." Oramah's successful treatment at King's sparked conversations with his doctor, Ghulam Mufti, and other officials of the hospital – conversations that culminated in the opening of AMCE in Abuja. The new medical centre is the first of several to be located in different regions of Africa, offering state-of-the-art medical treatments and research.

"This is what happens when African institutions confront African challenges with African solutions," remarked Nigerian vice president Kashim Shettima at the ribbon-cutting event, where he represented President Bola Tinubu. "With the largest stem cell lab in West Africa and plans for a medical school, this Centre is more than a hospital, it is a place to heal the sick, and to train the future."

Affordability in Africa

One major concern that came up among attendees was how affordable AMCE treatments would be. "Some of the care can be expensive," conceded Beaver. "For the most part, we're not treating malaria, we're not treating typhoid. We're treating very, very serious diseases. We're not only treating sickle cell anaemia, but we're also curing it permanently."

Still, the board of directors of the hospital have set up a foundation to raise funds, primarily to subsidise patients and also to fund research, according to Beaver. That foundation raised $75m before the hospital saw its first patient. And there are more pledges from the pharmaceutical company Novartis, the Dangote Foundation and the Bill Gates Foundation.

The AMCE has a capacity of 170 beds, making it the biggest specialised, private hospital in West Africa dealing with cardiovascular diseases, oncology, haematology and other medical services. In addition, the hospital has 15 stem cell treatment isolation rooms, a 20-bed intensive care unit and five operating theatres. There are plans for expansion to 500 bed spaces.

The hospital will also be involved in research. Most pharmaceuticals currently sold across the world are based on North American and European genomes. The result is that pharmaceuticals are often "not

Opposite: the first African Medical Centre of Excellence (AMCE) in Abuja.

optimised for the African genome," said Beaver. "They need to be optimised and we'll be doing those clinical trials here."

As a partner, King's College Hospital will serve as a clinical adviser to AMCE. The two organisations will share clinical protocols, with the medical professionals at the AMCE working directly with specialists at King's College, particularly on cardiovascular and blood disorders, according to Beaver. They will also work together in research, exchanging knowledge from their findings.

Catalytic goal

"Our vision for the African Medical Centre of Excellence is not just to provide top-notch healthcare," said Oramah, "but to serve as a catalyst for the transformation of the African health sector, making a bold statement to the world that Africa is finally taking its destiny into its own hands in healthcare sovereignty and global standards."

Driven primarily by private funding, the AMCE has not only received funding from Afreximbank but has also received significant interest from other institutions. These include both the Bank of Industry and the Development Bank of Nigeria, as well as the state-owned oil company the Nigerian National Petroleum Corporation (NNPC).

"Today, we don't just open a hospital," noted CEO Beaver at the opening. "We launch a healthcare revolution for Africa." ■

> ***'Our vision for the African Medical Centre of Excellence is not just to provide top-notch healthcare, but to serve as a catalyst for the transformation of the African health sector, making a bold statement to the world'***

EMERGENCY
AMCE
In partnership with
King's College Hospital London

The Africa Finance Corporation (AFC) last month launched the second edition of its The State of Africa's Infrastructure report, in which it urges African nations to harness local capital, deepen policy reform and embrace regional collaboration as the foundations of a new era of infrastructure-led growth.

Domestic capital key to Africa's infrastructure transformation, says AFC report

● Above, from left to right: Dr. Rita Babihuga-Nsanze, chief economist & director of research and strategy, Africa Finance Corporation (AFC); Patrick Njoroge, former governor, Central Bank of Kenya; Donald Kaberuka, chairman, Southbridge Capital; Dr. Hanan Morsy, deputy executive secretary & chief economist, UN Economic Commission for Africa (UNECA); Acha Leke, senior partner, McKinsey & Company; Chinua Azubike, chief executive officer, InfraCredit Nigeria; Mercy Thuo, acting executive director, CPF Capital and Advisory; group head of projects, CPF Group; Dr. Hosea Kili, managing director, CPF Group; and Samaila Zubairu, president and CEO, Africa Finance Corporation (AFC).

Africa has over $4 trillion in untapped resources that, if effectively mobilised, could catalyse an era of infrastructure-led growth. This is according to the Africa Finance Corporation's *State of Africa's Infrastructure Report 2025*, which was launched virtually on 5 June 2025. Drawing on the experience of Asia, the report calls for deeper financial markets, stronger public institutions and targeted policy reforms to channel longer-term savings into energy, transport and manufacturing and digital infrastructure for the continent.

Presenting the highlights of the report, Dr Rita Babihuga-Nsanze, AFC's chief economist and director of research and strategy, noted that this year's report rises to the challenge, set out in last year's edition, to identify and map domestic capital pools. "We didn't just estimate the numbers; we set out to locate where these savings are held across the continent and how they're currently being allocated. It is the most exhaustive bottom-up effort to date," she said.

The report, she said, maps institutional capital by geography and asset class across 28 countries, covering 80% of Africa's GDP. "African markets are improving in data quality, transparency, and regulatory disclosures," she said, adding that "this report is an opportunity to back up the numbers that are quoted when talking about Africa's institutional savings."

According to the report, the continent has over $1.1 trillion in institutional capital, lodged in pension funds, insurance, sovereign wealth funds and public development banks. In addition, there is nearly $500bn in central bank reserves, and by a conservative estimate, another $200bn in household savings in Africa's vast informal economy. "Put together, these figures provide a fuller, more practical view of the capital Africa can mobilise for its transformation," Babihuga-Nsanze said, adding that the question that arises is how this capital can be directed into productive investments for the benefit of the continent.

Babihuga-Nsanze said that with allocations heavily concentrated in low-risk, short term assets such as government securities, money managers on the continent are crowding out the private sector while increasing their exposure to sovereign, which has been heightened by the fiscal constraints that governments are currently facing. This conservative approach contrasts sharply with in OECD countries, "where pension capital is channelled into the real economy via equities, corporate debt and infrastructure. In short, Africa's most strategic pool of long-term capital is in the OECD world in support of [their] long-term transformation."

Actionable recommendations

The report, Babihuga-Nsanze said, recommends actionable steps, including formally recognising infrastructure and long-term assets as investable classes, strengthening the capacity of pension managers and enhancing financial intermediation. Pointing to InfraCredit, the Nigerian finance house, as an example of success, she noted that “It has demonstrated how market-based de-risking can crowd pension capital into infrastructure without mandatory rules.” With its credit guarantees, InfraCredit has helped increase pension allocation to infrastructure from 1.2bn naira ($775m) to over 242bn naira ($156m) in under a decade.

Babihuga-Nsanze stressed that it is time for the narrative to shift and the AFC prefers to view Africa’s infrastructure deficit not as a constraint but rather “as an opportunity to reshape economies, accelerate industrialisation, and attract investment”. The report thus sets out sector-specific strategies to support the continent’s ambitions for growth. In energy for example, the reports adopts the benchmark of 1,000 kWh per capita per year as the minimum for a functioning economy, out of which 70% must be utilised for industrial purposes. “Most African countries are far below this threshold,” Babihuga-Nsanze noted, citing India’s progress in ramping up generation capacity. “If we want to meet Africa’s industrial ambitions, we need to scale energy with intent.”

‘We didn’t just estimate the numbers; we set out to locate where these savings are held across the continent and how they’re currently being allocated. It is the most exhaustive bottom-up effort to date’

Making tracks

The report also focuses on the rail sector, which Babihuga-Nsanze said is central to the continent’s industrial future. Currently the continent’s railways are fragmented and, especially in western and central Africa, remain on colonial-era tracks that were designed only to facilitate the extraction and movement of raw materials.

This, she said, is set to change. “We’re entering a new cycle of rail investment,” she said, with over 7,000 km of lines under construction. The flagship Lobito Corridor, for example, which connects the eastern and western coast of the continent with a Trans-African Railway, has the potential to invigorate trade across the region. “The opportunity is not just to close gaps,” she concluded, “but to reimagine Africa’s infrastructure as a connected, catalytic platform for trade and transformation”.

Reacting to the report, Patrick Njoroge, a former governor of the Central Bank of Kenya, stressed that investment into infrastructure must be part of a broader, integrated push for sustainable development. Without complementary investments into sectors such as water, health and education, “we risk building white elephants,” he warned.

Njoroge however sounded a note of caution with regard to pension funds and central bank reserves. Pension funds have a fiduciary duty to contributors and should remain focussed on retirement security rather than infrastructure returns. While sovereign bonds have long been seen as safe bets, recent crises in countries like Ghana have shown otherwise, he pointed out. Similarly, with an average of 3.4 months of import cover, barely above the critical threshold of 3 months and with several countries facing debt challenges, there is actually little room for manoeuvre, with central banks needing to keep these reserves in highly liquid and secure assets. As a result of these greater macroeconomic constraints, it is not so evident for these reserves to be deployed to more productive sectors of the economy. Rather, digital tools must be harnessed to increase savings.

Nonetheless, he did stress that empirical evidence highlighted that African risk is often mispriced. “Recent research [from Moody's and the AfDB] has shown that Africa has, at 1.9%, one of the lowest default rates on infrastructure and related projects compared to other regions. However, there is work to be done to align this outcome with the cost of borrowing.”

Donald Kaberuka, chairman of Southbridge Capital and former president of the African Development Bank, noted that even if all Africa’s domestic savings were deployed for the purpose, this would not be enough to bridge the infrastructure gap. Rather, he argued, Africa needs a new form of financial intermediation that directs surplus savings from ageing, capital-rich nations in the global north into infrastructure investment needs in Africa, where there is a young and growing population.

Vietnam, he said, had successfully done this, attracting capital from ageing societies like South Korea, Taiwan, China, Japan and Singapore. “I think it is so important for African financial institutions to think of creating this platform which will enable them to do this,” he stressed.

On energy, Kaberuka urged a regional approach to achieving energy self-sufficiency, noting that not all countries can become self-sufficient. With enormous reserves of hydropower, Guinea, Ethiopia, the Congo Basin, Lesotho and parts of Angola and Zambia can become sources for a continent-wide approach to clean power generation. “Regional cooperation and regional power pools are necessary for the transition,” he said.

He called for implementation of the single aviation market, which would instantly enable Africans to travel freely around the continent. “That does not require money, does not require infrastructure; it requires someone to make a decision which allows the aviation market to work,” he observed, stressing in conclusion that “we need to think not just out of the box but bring in another box".

Dr Hanan Morsy, deputy executive secretary and chief economist at the United Nations' Economic Commission for Africa, said the report offered a timely counternarrative to the perception that Africa lacks capital. The problem, she said, is rather fragmentation and aversion to risk.

"What we need to do is to build aggregation platforms that syndicate institutional investors, commercial banks and sovereign funds to mobilise at scale, she proposed and called on the AFC and other development finance institutions to "take the lead in creating an African infrastructure consortium that pools, projects, diversifies risk and delivers investable pipelines".

Morsy also identified the state of public finances as another challenge that must be effectively managed to free up more financing for infrastructure. "As long as we have governments over-borrowing domestically, infrastructure investment will be effectively crowded out. Creating the right conditions will be critical for infrastructure to flourish as an asset class, she emphasised.

Reflecting on the report, Acha Leke, senior partner at McKinsey & Company, said it raises two important questions: how to better leverage available resources; and how to grow them into a more sustainable and transformational financial base for the continent. Noting that development assistance has been declining for some time, Leke said it is imperative for each African country to utilise its own resources to pursue its development.

A ready source of funding

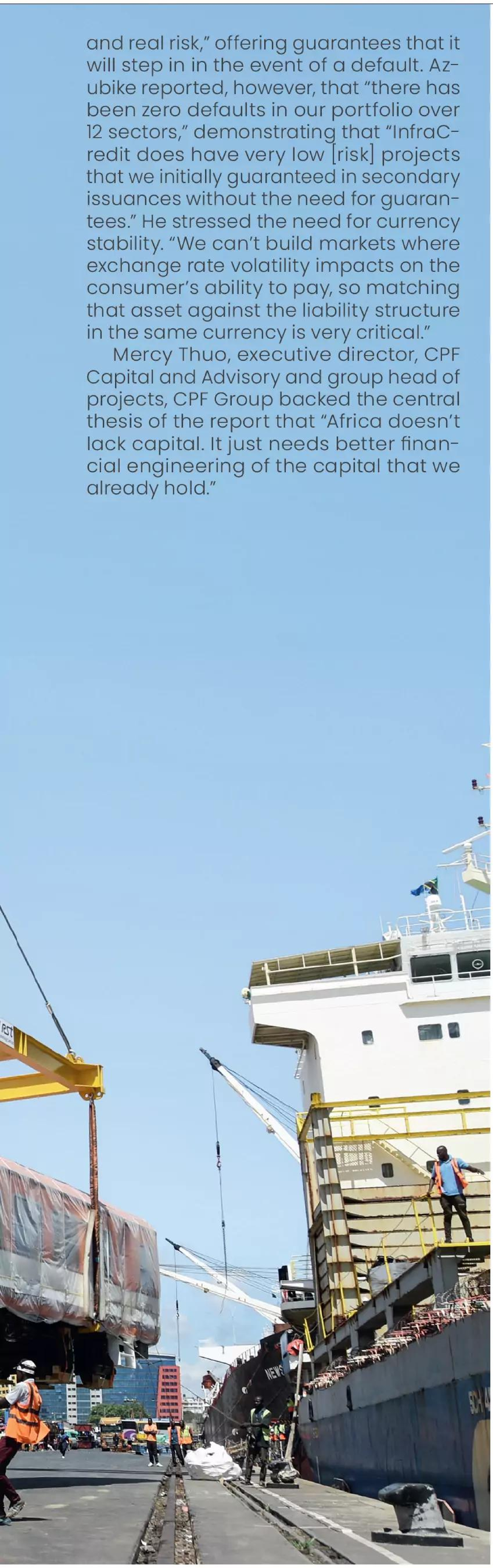
Pension funds, for example, offer a ready source of funding, he said, especially as many are currently investing less than they can even under current regulations. "In many countries, they can allocate up to 10% but they only invest 2% today. If we were to match that, we could probably [tap another] $80bn." The question, he noted, is "how do we nudge, encourage and in some cases, force pension funds to allocate more money to this asset class," which he added, must also be able to generate returns to justify the investment.

It is also necessary to grow the pot of available resources, since even the $4 trillion identified by the report is not enough and is concentrated in the continent's larger economies. This means most of Africa's 54 countries are still far behind, and while "there has been some progress in Kenya and Nigeria, for example, Leke said others might need encouragement. He suggested that a continental leaderboard that shows which countries are making progress in growing their domestic savings, expanding pensions and insurance coverage and implementing the necessary reforms, could be the motivation they need.

Reflecting on the experience of his company, Chinua Azubike, chief executive officer of InfraCredit, said it had benefited from the support of its backers, development finance institutions (DFIs) including AFC, as well as from Nigerian pension funds, which for the first time decided to invest in an infrastructure fund. "We've seen where in Nigeria, for the first time, pension funds are able to on-lend to projects in tunnels of up to 20 years."

This includes support for the Lagos Free Zone, which recently raised a 20-year bond, and a toll road project backed by a sub-national government via public-private partnership. "These sorts of tunnels were considered impossible," Azubike said, until now. InfraCredit's model tackles the critical gap between "perceptional risk

Over 7,000 km of railway line are under construction, particularly the flagship Lobito Corridor, which is envisioned as part of a Trans-African Railway connecting the eastern and western coasts of the continent.



and real risk," offering guarantees that it will step in in the event of a default. Azubike reported, however, that "there has been zero defaults in our portfolio over 12 sectors," demonstrating that "InfraCredit does have very low [risk] projects that we initially guaranteed in secondary issuances without the need for guarantees." He stressed the need for currency stability. "We can't build markets where exchange rate volatility impacts on the consumer's ability to pay, so matching that asset against the liability structure in the same currency is very critical."

Mercy Thuo, executive director, CPF Capital and Advisory and group head of projects, CPF Group backed the central thesis of the report that "Africa doesn't lack capital. It just needs better financial engineering of the capital that we already hold."

Africa Finance Corporation
State of Africa's Infrastructure Report 2025
Mobilizing Domestic Capital
Instrumental Infrastructure. Instrumental Africa.

'This report is an opportunity to back up the numbers that are quoted when talking about Africa's institutional savings'

Dr. Hosea Kili is managing director of the CPF Group and also chairs Kenya's committee of experts on infrastructure funding, emphasised the urgency of tapping private sector funding in the light of shrinking fiscal space.

This will, however, Kili said, require structural change. "Our regulatory framework discourages alternative investments from our portfolios," he noted, calling for limitations on sovereign bond allocations and new incentives for infrastructure bonds.

To address fragmentation and build ticket size, Kili proposed aggregation by players, to bring together funds willing to invest in infrastructure projects. More broadly, Kili called for continent-wide regulatory reforms and alignment so that investment in other countries is not seen as "foreign investment".

Not a burden, but a springboard

Lerato Mataboge, the newly nominated African Union (AU) commissioner for infrastructure and energy, called on all stakeholders to reframe Africa's infrastructure challenge not as a burden, but as a springboard: "Africa's infrastructure deficit has too often been described as a crippling challenge when it is in fact a real and tangible opportunity to shape Africa's future."

She praised the report's alignment with the AU's key strategies, noting its recognition of initiatives such as "the push towards greater domestic revenue mobilisation, the development of Africa's single electricity market and the construction of an integrated high-speed train network". These, she stressed, are critical to delivering on the goals of the African Continental Free Trade Area, Agenda 2063 and the continent's broader development ambitions.

Concluding the discussions, Samaila Zubairu, AFC's president and CEO, argued that the shifting global landscape presents both a warning and an opportunity. "The world has indeed changed," he said, pointing to the new focus of the continent's traditional development partners on "defence and rearmament of their respective economies" and the reality of "fractionalisation of the world".

However, he said, within this geopolitical realignment lies Africa's strategic leverage: "As you seek to reindustrialise your economy, you need secure and reliable supply chains and of course the minerals for that are in Africa."

The continent is thus not just relevant but essential to this emerging global resettlement. Zubairu posited that Africa must stop exporting raw materials and start creating value at home. "It is this transformation that creates the quality jobs that leads to increased savings," he said, reinforcing the connection between industrialisation, employment and capital formation.

Africa must take ownership

"We must take ownership of our development and we must fund it," he added, urging Africans to lead the charge in demonstrating that "viable proposition" to global partners. Highlighting Nigeria's success, he pointed out, "the government has intentionally done regulation to create an asset class for infrastructure and this is what has led to the success of InfraCredit." The task now, he noted, is "to build on the success of InfraCredit and see how we can do that across the continent".

Zubairu issued a call for collective action and structural reform. "We must work together to ensure that we put in place the right regulatory framework and the right instruments that would do the intermediation." He pledged that AFC, in its leadership role as chair of the Alliance for African Multilateral Financial Institutions, "will lead this initiative to ensure that we are putting in place the right structures for regulatory reform and structured intermediation". ■

Download the
AFC Report now:

At the heart of the 2025 Africa Soft Power Summit – held in Nairobi, Kenya, in May – lay a bold premise: that Africa's future economic power lies not only in its resources or population size, but in its ideas.

Creativity & Innovation: Harnessing the continent's new growth frontiers at the Africa Soft Power Summit

THEME:
AFRICA'S GROWTH ENGINE:
ALIGNING THE FLOW OF MONEY,
INNOVATION, AND GLOBAL OPPO
THE AFRICA SOFT POWER SUMMIT
MAY 21-25, 2025 | NAIROBI, KENYA
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This premise that Africa's future economic power lies in its ideas was strongly articulated during the Creative & Innovative Industries Conference (CIIC), which brought together leaders in technology, media, finance and the arts. The programme explored how Africa can leverage creativity, innovation and digital infrastructure to fuel inclusive growth, in alignment with the summit's overarching theme "Africa's Growth Engine: Aligning the Flow of Money, Innovation, and Global Opportunities".

From fintech and artificial intelligence to film production and digital storytelling, the sessions revealed a clear roadmap: build the systems, fund the stories and protect the data that can drive a new phase of African development on the continent's own terms.

Constructing innovation

Building undoubtedly emerged as one of the key focal points of the day, and more specifically how the development of infrastructure – in all its forms – can help to fuel growth on the continent and beyond.

It may surprise some to learn that the term "infrastructure" did not itself emerge until the late nineteenth century, and we know that its definition has expanded significantly in more recent decades to cover not only the physical, but also the digital realm. In 2025, our interpretation of infrastructure is evolving still, and our awareness of its importance to both systems change and sustainable economics is more attuned than ever before.

"We need to think more about soft infrastructure in terms of regulatory clarity, data protection laws and system interoperability," said Aliya Shariff, senior director at the Africa Catalytic Impact Fund, Mastercard Foundation. "Our businesses aren't inferior, they're just more expensive to operate.

"Inclusion isn't just access; it's affordability and usability. Even though Africa is leapfrogging into mobile finance, the continent still struggles with smartphone affordability, energy availability and device taxation policies."

Philip Ikeazor, deputy governor for financial system stability at the Central Bank of Nigeria, went a step further, to say that "Infrastructure is what connects capital to innovation." He emphasised how hard African entrepreneurs and regulators are now working to support fintech growth, saying: "We are constantly developing baseline standards that incorporate the latest technologies," and noting that regulatory flexibility is crucial for ensuring both stability and innovation within the financial system.

AI Models, Sovereignty &
Democratizing Access
THE AFRICA SOFT POWER SUMMIT
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Artificial Intelligence: sovereignty, access and impact

Of course, where the increasing symbiosis between the physical and digital realms is currently being felt most emphatically is in the world of AI, and the huge global neural networks growing before our very eyes. AI understandably presented a common theme throughout most of the discussions taking place at the CIIC, both on and offstage, with a particular emphasis on the need for the continent to take a uniquely African approach to both governance and deployment.

Dr Seydina Moussa Ndiaye, president of the Senegalese Association for Artificial Intelligence, made the case for digital sovereignty: "Digital sovereignty for Africa is not only controlling our data, controlling our infrastructure... It's also about framing the technology within our own standards".

It was a sentiment shared by many, including the likes of Kojo Boakye, vice president of public policy for Africa, Middle East and Türkiye at Meta, and Lorna Omondi, partnerships lead at Google Research Africa, the latter of whom said:

"We have focussed in this area on training models through African datasets and enabling multilingual support for undeserved communities. AI must solve the problems that matter most to African users – whether in agriculture, healthcare, energy access, or legal services. When we buy language data from the ecosystem, we partner with local universities, local startups, local governments… we put that data that we've bought in the open markets, so that other startups can build on top of the same things we're building".

Regional input into AI networks is crucial, not only as regards how this technology develops on the continent itself, but also in terms of how input from the continent can help steer and structure these rapidly developing platforms at large.

A recent report titled *AI 2027* has received significant attention in the industry, partly due to the alarming rate at which it predicts artificial intelligence will begin to take over the world of work and even other areas of society as we know them. While the report goes so far as to say that the AI-driven change coming over the next decade "will be enormous, exceeding that of the Industrial Revolution," it also tells us that change is now happening so rapidly, the AI landscape of tomorrow is difficult to visualise.

'Inclusion isn't just access; it's affordability and usability. Even though Africa is leapfrogging into mobile finance, the continent still struggles with smartphone affordability, energy availability and device taxation policies'

This point was echoed at the Creative & Innovative Industries Conference by Muthoni Karubiu, chief operating officer of Amini, who told delegates: "It's not about building billion-dollar data centres. It's about understanding what works for our context," highlighting the rapid evolution of AI and the consequent need for continuous education for both policymakers and the public: "There's nothing I can tell you today about AI that will still be true three years from now."

Creative industries as growth engines

One area in which we know the continent has traditionally excelled is the arts & entertainment sector. Monetisation of Africa's creative output, from music and film to sports and fashion, was explored in depth at the conference. Across several panels, speakers argued that creativity should be seen not only as cultural expression but as an economic sector with the potential to attract investment, create jobs and shape global narratives.

Chi Ogbuehi, vice president, marketing technology & consumer products, National Football League (NFL), discussed initiatives like the NFL's International Player Pathway program, which aims to cultivate sports talent directly on the continent. "We're moving beyond visibility to investment," she said, adding that sports ecosystems need structured development pathways.

Joel Omotto, senior reporter at *Pulse*, stressed the power of sports narratives in reshaping global perceptions of Africa. "We must tell stories of talent, resilience and victory – not just crisis," he said.

When it comes to African soft power, the film sector has for some years now been touted as a potential stream for future growth. Back in 2022, Africa Soft Power founder and the summit's convenor, Nkiru Balonwu, highlighted the breakthrough of Korean culture on the world stage in the form of exports like K-pop and *Squid Game*, and said that Africa needed to follow suit when it came to packaging its own creative products up for global audiences.

Today, particularly when it comes to film, those working in the industry on the continent and indeed throughout the diaspora community around the world, are aware that ambition needs to turn into action and creative endeavour into commercial viability.

Kola Aina, founding partner at Ventures Platform, argued at the CIIC that authenticity is essential to market success. "Locally developed stories that are contextual have the greatest chance of both impact and profit," he said, urging creators to develop strong business cases and investors to prioritise "data, distribution and de-risking."

Njoki Muhoho, founder and executive producer of Zebra Productions, spotlighted a deeper challenge around industry collaboration. "Where did we drop the value of collaboration?" she asked, calling for stronger linkages between creatives, investors and ecosystem enablers to strengthen the continent's cinematic infrastructure.

Through such discussions, we saw that once again, ideas built around better infrastructure – physical, digital, regulatory and beyond – are critical to success in all of these creative and commercial areas.

Diaspora capital and structured investment

Finally, an area of extreme interest at the CIIC centred around diaspora capital and structured investment. One panel was dedicated to the exploration of how diaspora remittances could be redirected from consumption support to structured investment.

Temi Popoola, chief executive officer of the Nigerian Exchange Group (NGX), said: "Remittances should be framed as more than just familial support. They can serve as access points into national development and capital markets."

AFRICA SOFT POWER
Policy and Innovation: The Role of Infrastructure in Advancing Emerging Financial Technologies
THE AFRICA SOFT POWER SUMMIT
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Andrew Kabeke Mutha, CEO of Safaricom Money Transfer Ltd, emphasised the need for reliability and trust, saying: "People want to know where their money is going," while others called for initiatives like more interoperable systems across providers and countries, as well as highlighting the potential of diaspora investment to support climate resilience and infrastructure if supported by enabling policy.

Overall, the Creative & Innovative Industries Conference at the Africa Soft Power Summit 2025 made it clear that Africa's creative and digital sectors are no longer peripheral – they are central to the continent's economic future. Realising their potential will require investment, policy alignment and a fundamental belief in Africa's capacity to lead with its own ideas, both on the continent itself and around the world. ■

Development Finance Institutions dominated the 2025 African Banker Awards in Abidjan, celebrating Africa's financial trailblazers and transformative banking leaders.

DFIs dominate African Banker Awards 2025

Development Finance Institutions (DFIs) emerged as the big winners at Africa's most prestigious annual banking event. Five DFIs took home plaques at the African Banker Awards Gala Ceremony 2025, held on 28 May at the Sofitel Hotel in Abidjan, Côte d'Ivoire on the sidelines of the African Development Bank Annual Meetings. The ceremony was attended by 500 of the continent's leading lights in banking and finance.

The African Banker Awards, now in their 19th year, celebrate the achievements of individuals and institutions that contribute significantly to the growth and development of Africa's banking sector in the preceding year. This year's awards ceremony, in particular, saw DFIs dominate, underlining their increasing recognition, importance and impact in the African financial and banking ecosystem as they crank up the levers of development and growth.

Olayemi Cardoso from Nigeria was named central bank governor of the year. The Central Bank has had to make tough decisions but these, the judges noted, have assuaged markets, renewing investor confidence.

Morocco has been a standout performer in Africa, especially when it comes to economic diversification. Nadia Fettah Alaoui was recognised as finance minister of the year for her sound macroeconomic management.

Vincent Nmehielle, secretary general of the African Development Bank, paid tribute to IC Publications for representing the voice of Africa internationally and presenting an African perspective on international affairs.

Speaking at the ceremony, Omar Ben Yedder, chair of the awards committee and group publisher at IC Publications, identified the private sector and banks as critical to transforming the continent. "Thomas Sankara [former president of Burkina Faso] said the ones that feed you, rule you. To paraphrase him, we could easily say the ones that finance you, rule you. We need strong African-owned banks. The private sector is the key to unlocking scale, and banks are the fuel for driving Africa forward. African DFIs have won big because of the catalytic role they are playing

AFRICAN BANKER
AWARDS 2025

in transforming the investment landscape as well as working more closely with the African private sector to support SMEs and other asset classes that are underfunded.”

This year’s awards featured a special guest, Ivorian sprinter and silver medallist Murielle Ahouré-Demps, a multiple medal winner at world events. Presenting the African Banker of the Year award, she shared how she “learned that champions are not made on the podium. They are forged in the quiet, unseen moments in the discipline it takes when no one is watching. And as African women, we carry within us a powerful legacy: one of strength, of wisdom, and of vision. I am deeply proud of that.” The award was won by Patricia Ojangole, managing director of Ugandan Development Bank – the second time in three years that a woman banker from East Africa has won the coveted award.

Ecobank won this year’s AFAWA Award, which recognises gender-lens lending and banks supporting women-led businesses. Beth Dunford of the African Development Bank leads on the initiative.

The Awards are supported by the African Development Bank and high-level sponsors such as the African Guarantee Fund. A cocktail reception took place before the gala, sponsored by African Trade and Investment Development Insurance (ATIDI). Other sponsors and supporters of the Awards were Afreximbank, the ECOWAS Bank for Investment and Development (EBID), Atlantic Finance Group, Nigeria’s Bank of Industry, the African Guarantee and Economic Cooperation Fund (FAGACE), 4G Capital, IFG Executive Education and African Hidden Champions. ■

Below: All the category winners this year.

Full list of the 2025 winners

Banker of the Year

Mrs Patricia Ojangole,
Managing Director at Uganda Development Bank

Bank of the Year

Trade and Development Bank Group (TDB Group)

Lifetime Achievement

Idrissa Nassa, Group CEO, Coris Bank

Central Bank Governor of the Year

Olayemi Cardoso,
Governor, Central Bank of Nigeria

Minister of Finance of the Year

Nadia Fettah Alaoui,
Finance Minister of the Kingdom of Morocco

Sustainable Bank of the Year

Nedbank

DFI of the Year

African Trade & Investment Development Insurance

AFAWA Bank of the Year Award

Ecobank

Fintech of the Year

4G Capital

SME Bank of the Year

CRDB Bank

Deal of the Year – debt

The Bank of Industry €1.87bn syndicated debt issuance facility –
Africa Finance Corporation and Afreximbank

Deal of the Year – equity

Project Arden – Renaissance Energy's $2.4bn acquisition of Shell Petroleum Development Company – PwC Nigeria

Deal of the Year – infrastructure

The Suez 1.1 GW Wind Power Project in Egypt –
African Development Bank

Best regional Bank – North Africa

Commercial International Bank

Best regional Bank – Southern Africa

Mauritius Commercial Bank

Best regional Bank – West Africa

GTBank

Best regional Bank – Central Africa

BGFIBank Group

Best regional Bank – East Africa

Equity Bank

Themba Baloyi, founder of Discovery Insure

Themba Baloyi spent years climbing to the top of the South African business tree with Discovery Insure but, **Chris Bishop** *asks him, can he and his business friends develop a policy to insure against Donald Trump?*

Discovery's Baloyi: insurance, private equity, and Trump's beef with South Africa

Themba Baloyi is an entrepreneur and investor who hits the ground running – every day, rain or shine. On this cool morning in Johannesburg, fresh from pounding the roads for 10 kilometres for the 2,663rd day in a row, Baloyi sits down with *African Business* for a chat. His fanatical commitment to running – he will soon push up to 16 km a day in preparation for the Pietermaritzburg to Durban Comrades Marathon – mirrors the determination that brought him success.

His idea, which he had to push for years like a boulder uphill, was the creation of South Africa-based Discovery Insure – a sister company to health insurance giant Discovery Health.

Discovery Insure offers car and house insurance. It came up with packages which rewarded good driving, provided roadside maintenance and charged no excess for an accident caused by a third party. Call centres were established to sell policies to the public, many of whom were first-time insurance buyers.

Creating the business from inside insurance giant Discovery Limited took seven rejections and 15 years of hard slog as gruelling as a marathon

Creating the business from inside insurance giant Discovery Limited took seven rejections and 15 years of hard slog as gruelling as a marathon. Now established with 1.9m members as of February this year, it is targeting expansion into the competitive, yet lucrative, UK insurance market.

Baloyi's chance

Discovery's diversification began with a meeting in 2003 between Baloyi and Discovery founder and chief executive Adrian Gore, who he'd been working for since 2001. "I was really moved by his beautiful speech about the future of the country and the opportunities that lay ahead. I thought he was very authentic… I said to him it was a great speech, and it made me all the keener to pursue my vision. Of course I was naïve! Here I was talking to the group CEO hardly three years into the business, and I am telling him I want to pursue my vision," recalls Baloyi with a smile.

"Then he wanted to know: what is the vision… the point is [Gore said]: you must have a compelling vision that you believe in; it should not matter what time of the night someone wakes you – you should be able to articulate that vision."

"In 2006, September, I met Adrian, told him about the vision and immediately after that meeting I got a call that he was in the US and I was told to abandon the idea… That, I will never forget, was a defining moment for me."

Bitterly disappointed, Baloyi refused to ditch the vision that he had nurtured since 1996. "I went and presented to him [Gore] and of course that was rejected. I was disappointed because they invited me to present."

Baloyi pushed on and in 2008 met up with giant insurance company Hollard, which became interested in a joint venture – an important step that led to a memorandum of understanding.

"I didn't even have a mandate from the group to sign that MoU, but I signed it anyway, because I had such a deep conviction about what I was doing and what I believed in. I was very much prepared to be fired!" says Baloyi.

After years of persuasion, Discovery Insure was born in May 2011. "I am not at liberty to talk about my stake because it was miniscule!" says Baloyi with a laugh.

"Hollard had a 25% stake in the business and Discovery had the rest… The first six months was a hard slog, the first 12 months showed signs that the business was being received by the broker commu-

Themba Baloyi, founder of Discovery Insure

nity… Brokers did not even want to look at us when we launched the product; there were 4,000 brokers at the launch but when it came to writing the business, they were not biting."

The company set up a call centre. Eighteen months later, when the brokers saw the growth of the clients, they stepped up, helping to create a multi-billion-rand business. Baloyi's "miniscule" stake earns him more every year.

A moving market

However, the insurance market never stands still.

Expansion beyond South Africa could become necessary. Discovery could face fierce competition if the South African government makes progress on its plans to launch a national health insurance (NHI) plan. That plan has been challenged in court by the Board of Healthcare Funders, which represents private schemes. Baloyi is sanguine about the introduction of the plan and its impact on the business, which he hints has been made more palatable under the coalition government.

"Given the extensive work [by] organised business to constructively engage with the government and the functioning of the government of national unity, I am hopeful that the NHI debate and court challenge will yield a sober-minded outcome. South Africa's democracy is maturing into a proper multiparty leadership, and it is good news indeed. We are moving away from one party dictating the future and direction of the country and the benefits will be clearly visible in time."

Discovery Insure also has to be agile enough to keep up with trends in a market redefined by digital and AI. "With the available digital tools, there's massive room to ensure that coverage is expanded rapidly across different segments and especially in the underserved markets. The availability of insuretech solutions will be a significant game-changer to expand coverage to the areas that do not have enough insurance solutions," Baloyi says.

"Technology remains a powerful infrastructure to enable the possibility of solutions that were unthinkable in the past. The developments of LLMs [large language models] have shown us that working with unstructured data as a source of meaningful product design is possible and there's fast-tracking of new solutions driven by AI that can make sense of unstructured data sets."

No handouts

The AI-driven insurance market seems a long way from Baloyi's humble upbringing in rural KwaZulu Natal. Baloyi grew up counting his pennies under the shrewd eye of his grandmother between Newcastle and Dundee, in a community where water and electricity were luxuries.

"We grew up with an enterprising grandmother. I know this is going to be a very contentious issue, but my grandmother would have frowned upon social grants [state money given to support 18m South Africans].

"She would have frowned on people standing by the streets begging, because she believed as long as you have got hands and feet you can always get them to do something and put food on the table," says Baloyi, who grew up to qualify as a cost and management accountant.

His grandmother was never short on valuable business advice: "Offence is inevitable, someone in business will short-change you, you will get upset; you may not get the corporate position you were hoping for; your idea, no matter how brilliant you think it is, will get shot down – like mine did!" laughs Baloyi.

Giving South African youth their shot at wealth creation is one of the projects Baloyi is currently involved with as a board member of the Allan Gray Orbis Foundation, which helps entrepreneurs. In the last 20 years, it has helped to create at least one unicorn – a startup that reaches a $1bn dollar market value. That is the financial services company Yoco, which helps small businesses accept card payments and organise themselves. Yoco serves around 200,000 South African small businesses and handles $2bn in card payments every year.

"That is quite exciting work. It warms my heart… it shows entrepreneurship cannot be the preserve of the few, I think. You see the young people coming up with the right tools and the right support.

"I think the future is very bright for our country and our continent. It is uplifting; it is energising. I sit here and look at all the negativity in the world that people are going through and I make sure they see the opposite end of the spectrum and are inspired," says Baloyi.

His work with entrepreneurs has taught him to never write off his home market. "The hopes and future of business in South Africa is certainly bright and very inspiring when I evaluate various opportunities in the private equity work that I am doing. There are many entrepreneurs making things happen and who solve big problems – I cannot help myself in having so much optimism about the future of South Africa when I see plenty of trailblazing entrepreneurs making things happen."

Trump's challenge to South Africa

Yet South African business faces a potentially generational challenge in the form of US President Donald Trump, who has taken against the country. As well as attempting to embarrass President Cyril Ramaphosa in an Oval Office ambush with false claims about farm murders, Trump is likely to pull the plug on the African Growth and Opportunity Act (AGOA), the tariff-free trade scheme which has long benefited the country.

"While we have got Trump in the White House, I think, he is causing a lot more damage than good; as things stand," Baloyi says. "Time will tell, but where he has started off, with things like [his destruction of] USAID, it is causing pain to the majority of poor countries that the US used to support – it is a tragedy, there is nothing noble about it," he says.

Baloyi says he is in constant touch with a South African business-led lobbying effort in Washington DC that is trying to save AGOA. He says he gets an update from friends and contacts in Washington every other day.

"They are constantly at the White House for the love of the country. These are proper business people that I know and interact with. They are South Africans and most of them reside in the US and they have

Opposite: Fintech Yoco has received backing from the Allan Gray Orbis Foundation.

got really good relationships in the White House. They are demonstrating the value of keeping South Africa in AGOA and making sure the continent doesn't lose out… they have the ear of the White House as well as key influencers and decision makers."

It might be a long shot, but Baloyi says they will work until the last minute to try and save AGOA and the thousands of jobs which it has created in South Africa. "We shouldn't be complacent, we should buckle down and make things happen."

AGOA or no AGOA, Baloyi – who has never achieved things the easy way either in business or running – thinks perseverance will see South African business through Trump's storm.

"On a global perspective, there's a lot of apprehension driven by the market uncertainty brought about by the trade tariffs war. My sense is that it will eventually settle because entrepreneurial leaders always find solutions to obstacles in their pathways." ■

> ***'Entrepreneurship cannot be the preserve of the few... I think the future is very bright for our country and our continent. It is uplifting; it is energising'***

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Innovative financing and risk management solutions are needed to enable African countries to deliver on their development commitments in light of an uncertain global environment. This was a core message delivered at the recent 25th Annual General Meeting of the African Trade and Investment Development Insurance (ATIDI) agency, held in Luanda, Angola.

Africa must manage risk strategically, says Angola's finance minister

From left to right: Annabelle Buzingo, senior underwriter at ATIDI; Manuel Moses, CEO of ATIDI, with Vera Esperança Dos Santos Daves De Sousa, Angola's minister of finance; shareholders visit the Bita Water project, for which ATIDI, with the International Bank for Reconstruction and Development at the World Bank and later BPI France, secured finance; on the floor at the AGM; and Daves De Sousa.

Backed by 24 member states and 13 institutional investors, including the African Development Bank and Africa Re, as well as international shareholders such as SACE, the Japanese export credit agency NEXI and India's export credit agency ECGC among others, ATIDI provides risk mitigation for debt and equity investments as well as trade transactions across Africa.

For the past 25 years ATIDI – legally the African Trade and Insurance Agency – had played a pivotal role in supporting trade and investment across the continent, standing as a pillar of confidence for investors, entrepreneurs and policymakers alike, ATIDI chairman Professor Kelly Mua Kingsly told delegates. "We are more than just an insurer. We are a trusted partner in Africa's development journey, a catalyst that connects perception with potential and risk with opportunity."

By December 2024 it had a capital base of $791.5m, a 13% increase on the previous year, with ambitions to reach a billion-dollar capital base in the next three years. The organisation supported $8.9bn of trade and investment last year across the continent, against a backdrop of $1bn net exposure.

Kingsly highlighted the importance of ATIDI's preferred creditor status (PCS), which ensures ATIDI gets repaid before other creditors, in changing the continent's risk profile. This enables member states to raise cheaper capital and provide political risk insurance to grease the wheels of trade.

For over a decade ATIDI has maintained an "A" rating for financial strength and counterparty credit by Standard & Poor›s. In 2019 it obtained a second A3/stable rating from Moody›s, which was later revised to A2/stable in 2024.

Managing risk

Angola's minister of finance, Vera Esperança Dos Santos Daves De Sousa, highlighted the PCS as a unique strength for ATIDI, reinforcing its ability to operate with conference and efficiency across member states and enhancing investor trust. "It must be emphasised that adherence to the obligations underpinning the PCS is not optional; they are fundamental to the continued credibility and operational effectiveness of ATIDI. Any failure to honour this commitment risks undermining investor confidence. As such, I urge all member states to continue upholding this principle with the seriousness and responsibility it demands," she stressed.

She also highlighted that success is

based on the understanding and management of risk. "We must acknowledge that risk is not something to be avoided, but rather something to be understood, shared and managed wisely.

"This requires a strong ecosystem of institutions, like ATIDI, that can provide the financial tools and risk mitigation instruments necessary to unlock private capital, support infrastructure development and enable sustainable investment.

"As policymakers, we understand that finance is the lifeblood of development, yet we must also recognize a critical truth: finance will not flow where risk is misunderstood, unmanaged or unmitigated," she said.

Manuel Moses, CEO of ATIDI, said the PCS helps the institution to safeguard its investment-grade credit ratings and to access capital markets on competitive terms. It is a critical pillar of its derisking model.

"ATIDI is expected to step in when others step back, especially during periods of economic distress. PCS helps safeguard our investment-grade credit ratings. This in turn allows us to access capital markets on competitive terms. PCS is key to securing reinsurance capacity from global markets, with more than 85% of our gross exposure reinsured. In short, it ensures the long-term sustainability of our institution."

Building resilience

Moses added that in 2024 the development finance institution (DFI) had continued to build resilience across its operations. Insurance revenue had risen modestly, reaching $158.9m while investment income surged by 45% to $29.8m. "This was a clear indicator of our disciplined asset management in volatile markets."

Moses also flagged ATIDI's portfolio risk-sharing arrangement (PoRSA) small and medium enterprise (SME) programme, which provides credit risk insurance to participating lenders, encouraging them to extend financing to SMEs, particularly in under-served sectors such as women-owned business, agriculture and cross-border trade.

ATIDI is also supporting regional integration and cross-border trade through the Regional Customs Transport Guarantee Scheme (RCTG). This aims to simplify the transit process by using a single guarantee for goods moving through African borders, with the support of risk-mitigation guarantees jointly structured by ATIDI, Africa-Re, Afreximbank, the Common Market for Eastern and Southern Africa (COMESA) and its reinsurer ZEP-RE.

Chairman Kingsly reflected on the 25-year history of the institution. "In the year 2000, ATIDI was born from a bold and visionary idea: that by working together, African countries could overcome the barriers of risk that had long deterred trade and investment.

"It was a belief in regional solidarity, shared prosperity and the power of partnership." He said ATIDI had grown into one of the continent's leading DFIs, supporting over $88bn in trade and investment flows across Africa, maintaining strong credit ratings and steadily expanding its membership.

During its 25 years, it has supported more than $88bn in trade and investment across the continent. "We are more than just an insurer. We are a trusted partner in Africa's development journey, a catalyst that connects perception with potential and risk with opportunity."

'We are more than just an insurer. We are a trusted partner in Africa's development journey, a catalyst that connects perception with potential and risk with opportunity'

"ATIDI's work is a testament to what is possible when African institutions are built with purpose, backed by expertise and trusted by stakeholders. As leaders, we must continue to strengthen such institutions and ensure that risk is not a barrier to development, but a catalyst for smarter, more resilient investment.

The milestone was not just a time of celebration but a moment of reflection at a time of global uncertainty. "The path ahead will demand agility, bold thinking and unity of purpose."

Investment and capital

The AGM, held under the theme "Turning Risk into Opportunity: Securing a Sustainable Future", included two investment roundtables, enabling discussion on the need for innovation in terms of managing risk and credit ratings, as well as raising and reducing the costs of capital, among other issues.

Participating organisations included the African Finance Corporation (AFC), Bank of Industry in Nigeria, Crown Agents Bank, Pangea-Risk, Lazard, Rand Merchant Bank, S&P Global, Angolan Capital Market Commission and the African Union Commission.

One of the issues under discussion, for example, was the value of insurance wraps to leverage cheaper finance. The AFC shared its experience of enabling cheaper finance for Nigeria's Bank of Industry, a sub-sovereign, and the government of Egypt to raise finance at competitive rates in new markets, in this case through a samurai bond, using its higher credit rating to wrap the sovereign risk of both countries.

Managing risk proactively was also under the spotlight, with access to reliable data and improvements in governance identified as issues affecting the rating of countries, despite general agreement that capital was mispriced relative to actual risk.

In Angola, a member since 2023, ATIDI has provided over $1.5bn in risk coverage across key sectors including water, energy, construction and gas.

Together with the International Bank for Reconstruction and Development at the World Bank, and later BPI France, ATIDI secured financing of $1.1bn for the Bita Water Project, which will supply potable water to southern Luanda from the Kwanza River. This financing had a longer tenor and was priced at more than 500 basis points lower than the yield the country was paying at the time on international markets.

ATIDI, through its intervention, has also helped raise $200m to cover the rehabilitation of the national road project. The AGM and investor roundtable was attended by country and institutional shareholders as well as many players in the insurance and re-insurance ecosystem. ■

The charcoal-like substance removes carbon from the atmosphere and boosts soil health. A growing number of companies are now looking to scale up its use in Africa, reports **Ben Payton**.

Biochar: Can plant waste boost agriculture and save the environment?

In Kisumu, Kenya, start-up company Tera Carbon is collecting waste residues from sugarcane, heating this waste biomass without oxygen in a process called pyrolysis, then distributing the resulting charcoal-like substance to sugarcane growers, who mix this "biochar" into their soils. The outcome is that carbon dioxide – which had been removed from the atmosphere by the sugarcane as it grew in the fields of western Kenya – will be stored in the soil for thousands of years.

"It's a simple process, and the carbon removal is immediate," says Rob Palmer, Tera Carbon's co-founder and CEO. Without the production of biochar, he explains, the sugarcane waste, known as bagasse, would be "either combusted or left to decompose, releasing the carbon that was in the plant back into carbon dioxide or methane".

The technology is already playing a crucial role in carbon markets around the world. So far, biochar projects account for around 90% of the carbon removal credits that have been used to offset emissions and thus "retired" from the market.

Biochar projects are relatively cheap to operate, compared to technologies such as "direct air capture", which rely on large-scale industrial processes. At the same time, biochar projects are designed to permanently store carbon in the soils. This "permanence" is a distinct advantage over projects that involve planting trees or other vegetation, given that a forest could be destroyed by fire, and it is hard to guarantee that carbon will be permanently stored in wood products that might be produced.

> ***'If we can get the sort of yield responses that we have seen in the literature – we have seen from trials anywhere between 20% and 30% yield increases – and we can increase the longevity of these plants, that's going to be huge'***

Saving soils

The other advantage of biochar is that the substance has significant benefits for soil health. Palmer notes that farmers across the continent typically struggle with access to the inputs they need to keep soils healthy and productive. "You get farmers either not applying anything to their soils or only being able to choose one of the inputs required," he says.

"Generally, they've been told that chemical fertiliser is the way to go – and it is, in the short term. You see a short-term boost in yield, but you're unable to balance the downstream negative effects," he says.

In the region of Kenya where Tera Carbon has launched its project, Palmer says that a sugarcane plant should last for around 25 seasons – but, with increasingly degraded and acidic soils that struggle to retain water, the plants are now lasting for just four seasons.

Biochar can help address these problems when it is applied to soils. The material helps soils retain nutrients, while also improving water retention and encouraging the beneficial activities of micro-organisms. A trial conducted by the Dubai-based International Center for Biosaline Agriculture found that applying 30 tonnes of biochar to a hectare can improve the soil's water content by 40%.

"If we can get the sort of yield responses that we have seen in the literature – we have seen from trials of anywhere between 20% and 30% yield increases – and we can increase the longevity of these plants, that's going to be huge," says Palmer. "And if we can do that, not just in Kenya, but in the whole of Africa, this could have massive impact."

Community schemes

Tera Carbon's project in Kenya is just one of a growing number of schemes cropping up across the continent. Katrin Mikolajewski, team leader for certified projects at Atmosfair, a German non-profit that operates carbon offset projects, says that companies purchasing carbon credits often specifically favour biochar as a means of removing carbon. "There is demand from companies for negative emissions," she says.

Atmosfair has established a project in Ghana, in partnership with Dutch organisation Carboneers, to supply small-scale pyrolysis units to farming communities so they can convert crop residues into biochar. The aim is to remove 13,000 tons of carbon dioxide annually – equivalent, Atmosfair says, to the emissions from flying across the Atlantic in economy class 12,000 times.

Mikolajewski believes there is scope for many similar projects on the continent. "Africa has a lot of biomass residues readily available," she says. "There's a lot of capacity and potential to scale up."

Atmosfair's project in Ghana is designed at the community level. Unlike industrial-scale biochar

production facilities, its pyrolysis units are based on simple technology and are relatively cheap to install. "The sweet point of these decentralised projects is really that the benefits for the farmers and for the people are more in focus," says Mikolajewski. Farmers, many of whom are women, gain an added source of income for producing biochar. "Basically everybody can participate."

Scaling up

At the other end of the spectrum, producing biochar on an industrial scale requires significant capital investment in pyrolysis plants. As well as Tera Carbon, another start-up seeking to pioneer biochar production is B10 Char. Founded by two former commodity traders, the company has acquired land in South Africa and invested around $2m in a pilot pyrolysis unit that will produce up to 7,000 tonnes of biochar a year from over 22,000 tonnes of feedstock from timber waste products. The company says that this will equate to the net removal of around 15,000 tonnes of carbon from the atmosphere.

Philip Edmonds, the company's co-founder, says B10 Char hopes to build further units on the same site. "If this plant is successful, we can put another four or five plants on the same site of identical size. It'll be a cut and paste job." He notes that the "biggest challenge" is in ensuring that farmers make use of the biochar.

"Farmers are, let's say, a conservative species. Quite rightly, they're not going to accept some new wonder-drug that goes onto their land without trying it for at least one growing season, maybe two growing seasons, on a small part of their farm, in the corner somewhere with a control to make sure that it really is improving."

B10 Char plans to generate most of its revenues from carbon credits, at least initially. It will sell its biochar at low prices and may give it away for free in some cases to demonstrate the benefits for farmers. Edmonds also notes there are other potential uses for biochar. It can be used in anaerobic digesters to help increase production of biogas, a renewable energy source. Another possibility in South Africa is to use biochar during mine reclamation work, in which soil that was excavated and then left to degrade when a pit was dug is restored after the mine's closure. There are also possible uses for biochar in steel and concrete production processes. Biochar can even be added to asphalt to improve the quality of road surfaces.

While Edmonds believes biochar is a "low hanging fruit" for carbon removals, he stresses the need for projects to operate on a much bigger scale. "The world as a whole needs to scale up this business by multiple orders of magnitude," he points out.

The 15,000 tonnes of carbon that B10 Char aims to remove annually with its pilot plant is, he admits, a tiny drop in the ocean of what is required. Researchers at the University of Oxford warned last year that 7bn to 9bn tonnes of carbon dioxide will need to be removed from the atmosphere each year to keep the world on track to limit warming to 1.5 degrees. ■

Below: Kenya-based Bio-Logical announced in 2024 that it will provide Microsoft with 10,000 tonnes of carbon removal credits from its biochar plant.

Bio Logical
Bio Logical
Bio Logical

A solar revolution in African agribusiness

Solar-powered machinery is bringing clear benefits for African agribusinesses, yet there are major hurdles in rolling out solar technologies more widely, reports **Ben Payton***.*

Every farmer who has ever worked the soils has relied on the power of the sun. But farmers around the world are increasingly looking to harness the sun in another way – through generating electricity from solar photovoltaic panels. In Africa, farming in large parts of the continent, particularly in more remote rural areas, continues to be done with very little mechanisation. With no means to power machinery, farmers are unable to pump water for irrigation, or use refrigeration to store produce, or carry out activities such as milling, drying and other forms of value-added processing.

This situation leaves rural communities stuck in a low-income trap. “There’s a direct connection between the energy poverty reality and food poverty reality,” says Carlos Sordo, senior product manager for productive uses of renewable energy at GOGLA, an industry group for off-grid solar energy.

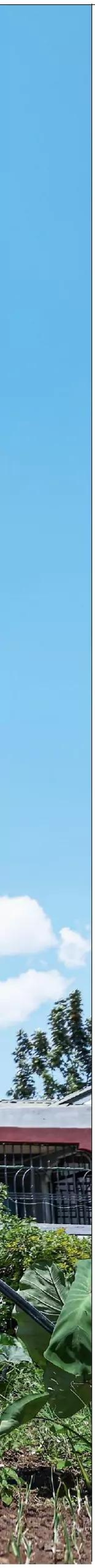
Even where power is available for farms and agribusinesses, it is often supplied by diesel generators that are expensive to operate, as well as highly polluting.

As in other sectors, solar power is often the most realistic way to bring power to agribusinesses in areas that lack grid access. But scaling up the technology so that Africa’s 250m farmers can enjoy the benefits of a reliable power supply will be far from easy.

Power struggle

Shortly after graduating from college, Nigerian entrepreneur Onimisi Charles Atere launched a digital market access business aimed at Nigerian farmers. As he engaged with farming communities, he realised the depth of the energy difficulties in the sector.

The reliance on diesel for powering basic mechanical processes struck Atere as illogical, given that Nigeria boasts some of the world’s best conditions for solar energy. “I started thinking: how can we help these farmers tap into this abundant natural



resource," he tells *African Business*. The result was his decision to launch a new company, Nimsy Agro Solar Concept, to provide solar-powered irrigation pumps and other agricultural equipment for farmers in northern Nigeria.

The company made a "big breakthrough" last year when it received a major order from the US-based non-governmental organisation Heifer International, which subsequently led to increased interest from other customers.

Above and opposite: solar panels from members of GOGLA, an industry group for off-grid solar energy.

'There's a direct connection between the energy poverty reality and food poverty reality'

The most basic challenge facing companies like Nimsy Agro is that farmers struggle to afford the up-front cost of investing in solar-powered equipment. Atere has attempted to address this problem by partnering with Heifer International to establish a lease-to-own model, in which farmers pay for their equipment in instalments over two years.

Nimsy Agro, which recently won first prize in the Africa Energy Entrepreneurship Awards from the Sustainable Markets Initiative and Octopus Energy, now has plans to expand its offering beyond its current base in Northern Nigeria. "Our long-term plan is to be able to reach at least one million farmers with our solar agricultural products across Nigeria and sub-Saharan Africa within the next five to 10 years," says Atere.

A key factor in nudging farmers towards using solar energy is the rising costs of diesel. In Nigeria, the removal of diesel subsidies in 2023 led to a sudden tripling of energy costs. Habiba Ali, founder of Sosai Renewable Energies, another Nigerian company that distributes a range of solar products and systems, says this has helped spur demand for solar alternatives. "People use a lot more money buying fuel," she says. "And so when they see an option they actually do go for it."

Ali adds that solar power can have a range of uses for smallholder farmers, which can potentially enable rural areas to move up the value chain. "We can also have milling and processing within the community so that they don't have to sell their produce quickly to middlemen, who actually make the most money. They can actually add value to these food crops in their community and sell at a premium."

Crossing wires

One of the factors holding back progress in extending solar energy is a lack of coherence in policymaking around energy access and energy costs for agribusinesses. "There's always been a fragmentation between the agricultural sector and the energy sector in Africa," warns Sordo. "Ministries don't talk to each other." The lack of coherence is also visible among development partners. The World Bank, Sordo says, works with both energy and agriculture ministries, but runs "similar programmes with very different designs," that he says end up worsening fragmentation.

To illustrate the lack of joined-up thinking, as part of the World Bank-led Mission 300 initiative, which aims to bring electricity access to 300m people in Africa by 2030, 12 African countries have agreed national energy compacts. These compacts contain detailed strategies for achieving electrification. Yet seven of the 12 countries do not even mention agriculture in their compacts; three others make only superficial references to the sector. Only Malawi and Zambia pay significant attention to electrifying agriculture in their compacts.

Neglect at the policymaking level translates into a lack of awareness about solar energy among agribusinesses. "The actual body of the problem is that the majority of people in the agri industry in Africa do not have a clue about services provided by energy companies," says Sordo. While he does believe progress is being made, notably with solar-powered irrigation, and expects a further acceleration in the coming years, Sordo emphasises that more "sensitisation and awareness raising" is needed for stakeholders throughout the sector.

Financial sustainability

One of the key tasks is ensuring that companies offering solar energy services can be financially viable. Sordo notes how grants from donors often favour companies that serve smallholders. While this is valuable, he suggests that companies seeking a "healthy portfolio of customers" will also need to look for customers among larger-scale agribusinesses.

"Having anchor customers providing anchor demand is definitely valuable to the financial stability in the long term," says Humphrey Wireko, managing director at CrossBoundary Access, a blended finance platform for mini-grids. "Some of the best customers on the mini-grids are folks who are running milling machines and things of that nature."

"In order to make a mini-grid profitable, you need people to be using electricity. You need people to be using machines," Wireko continues. This, he admits, is far from easy. Financing access to equipment can help, but only up to a point, given that demand for agricultural machinery is often highly seasonal.

CrossBoundary Access has just launched a project to invest $20m in mini-grids in Madagascar, alongside renewable energy company ANKA, with the aim of connecting 62,000 people to electricity by next year. "To become a better customer on the grid, you need to earn money, and to earn money, you need to have a reliable, strong and sustainable business," says ANKA's CEO Camille André-Bataille. To help address the financial challenge of operating mini-grids in rural areas of Madagascar, the company started developing an "AgriGrid" concept in 2017. This aims to create a "virtuous cycle" in which solar power is used to build agribusiness enterprises and stimulate demand for power so mini-grids can operate sustainably.

Ultimately, the potential benefits of solar power for Africa's farmers are obvious – but how to make access to solar power financially viable remains less certain. In a continent where sunshine is rarely in short supply, scaling-up solutions to this problem will be crucial if Africa is to finally fulfil its promise to become an agricultural powerhouse. ■

The ECOWAS Bank for Investment and Development (EBID) has opened its first country office in Abidjan, marking a strategic step in its efforts to deepen regional integration and boost development finance across West Africa. The move underscores Côte d'Ivoire's growing importance as a regional economic hub and reflects EBID's commitment to localising its operations for greater impact.

EBID expands footprint with first country office in Côte d'Ivoire

The ECOWAS Bank for Investment and Development (EBID) has taken a significant step in deepening its regional presence and strengthening its impact across West Africa. The institution recently signed an agreement with the Government of Côte d'Ivoire to open its first country office, marking a strategic milestone in its expansion agenda.

The landmark agreement was sealed in Abidjan at a high-level ceremony attended by senior officials from both parties. Representing the Government of Côte d'Ivoire was the Leon Kacou Adom, minister for foreign affairs, African integration and Ivorians living abroad, while EBID was represented by its president and chairman of the board of directors, Dr George Agyekum Donkor. Nialé Kaba, minister for economy, planning and development and governor of EBID for Côte d'Ivoire, also graced the event, underlining the national significance of the partnership.

A strategic step towards regional integration

The opening of the Abidjan office signals EBID's commitment to growing its operational presence within the Economic Community of West African States (ECOWAS) sub-region. It is also aligned with the Bank's broader strategic plan aimed at boosting socio-economic development through infrastructure and private sector investment. According to Dr Donkor, the new office will bring the Bank closer to both its existing and prospective clients, improving access to its services and enabling it to respond more efficiently to local and regional needs.

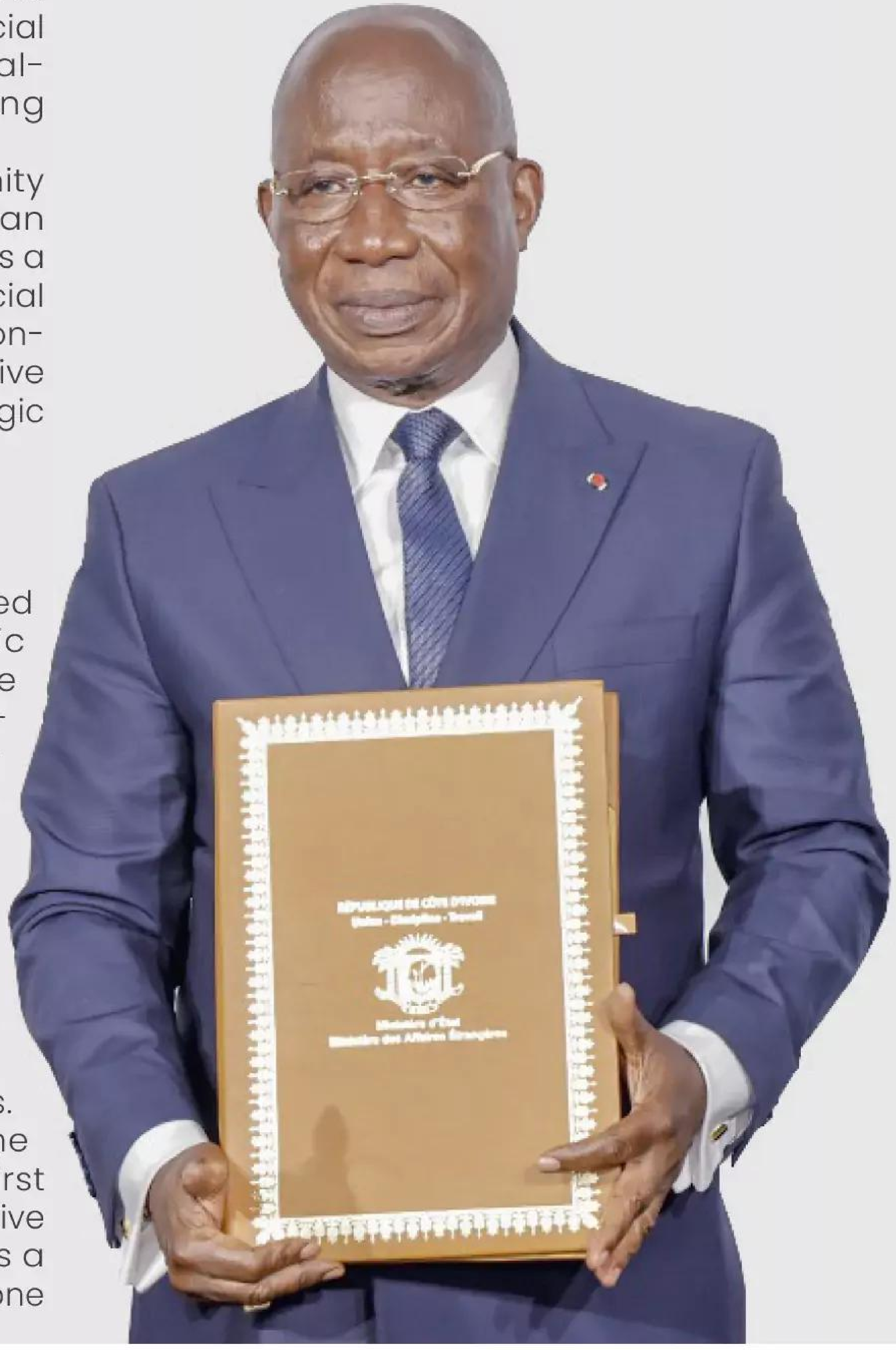
"This country office will play a crucial role in the implementation of our strategic plan," said Dr Donkor. "It will make EBID more accessible to existing clients and potential partners in Côte d'Ivoire and the surrounding member states, while facilitating impactful interventions." He stressed that physical proximity is crucial to identifying opportunities and challenges on the ground and responding with greater agility.

Dr Donkor also used the opportunity to express his gratitude to the Ivorian government, describing the country as a "key partner" of the Bank. He paid special tribute to minister Nialé Kaba for her consistent support in realising this initiative and helping advance the Bank's strategic goals.

Côte d'Ivoire's economic ascent recognised

Côte d'Ivoire has long been recognised as one of the region's most dynamic economies. Over the past decade, the country has achieved strong macroeconomic growth, underpinned by structural reforms, public investment, and private sector development. Dr Donkor acknowledged these achievements, highlighting that Côte d'Ivoire is now considered the best-performing economy in the West African sub-region, holding a BB rating with a stable outlook from S&P Global Ratings, and a Ba2, stable outlook from Moody's.

This economic resilience makes the country a natural choice for EBID's first country office. Its central location, relative political stability, and growing role as a financial and logistics hub in Francophone



Below: George Agyekum Donkor, president and chairman of the board of directors of EBID (R), with Leon Kacou Adom, minister for foreign affairs of Côte d'Ivoire, at the signing ceremony on 12 May.

West Africa further elevate its importance in the Bank's regional vision.

A boost for local and regional engagement

By establishing a formal presence in Côte d'Ivoire, EBID aims to play a more hands-on role in shaping and financing development projects. The office will serve as a gateway for improved engagement with national stakeholders, particularly in the private sector, which is increasingly seen as the engine of sustainable economic growth.

Leon Kacou Adom, minister for foreign affairs, welcomed EBID's decision to set up operations in the country, noting that the presence of the Bank would enable it to be more responsive to the needs of local economic actors. He expressed confidence that the office would further catalyse development across critical sectors such as infrastructure, energy, and agriculture.

"The establishment of this country office reflects EBID's desire to bring its services closer to the people it seeks to serve," he said. "It will enhance the Bank's relevance and effectiveness, especially in addressing the specific needs of private sector operators who are vital to economic transformation."

Regional reach beyond borders

The new EBID office in Abidjan will not only serve Côte d'Ivoire but also act as a regional hub with a catchment area that includes Liberia, Sierra Leone, The Gambia, Guinea Bissau, and Senegal. This broader mandate positions the office as a key instrument in EBID's effort to harmonise its development financing approach across multiple member states.

Minister Nialé Kaba praised the Bank for what she described as a "bold and strategic" initiative. She highlighted the fact that Côte d'Ivoire would be the first ECOWAS member state to host a representative office of EBID, signalling a strong level of mutual trust and cooperation between the two institutions.

She also emphasised that the partnership was a concrete expression of shared commitment to overcoming infrastructure deficits across the region. "This agreement is more than symbolic – it is a testament to our joint resolve to improve the quality of life for West African citizens," she said. "The new office will help drive initiatives that support industrialisation, connectivity, and economic inclusion."

Track record of engagement

Côte d'Ivoire is already a major beneficiary of EBID's development finance. To date, the country has received commitments totalling approximately 567bn West African CFA francs (around $990m) from the Bank. These funds have supported a wide range of public and private sector projects, from road and energy infrastructure to industrial development and SME financing.

The establishment of a permanent office is expected to enhance the efficiency of project identification, preparation, and implementation. It also provides EBID with the platform to offer on-the-ground technical support, monitor project progress more effectively, and deepen relationships with implementing agencies and financial partners.

Outlook for deeper integration and impact

The opening of the Abidjan office is being viewed as a potential turning point in the evolution of EBID from a regional development financier to a more embedded and proactive institutional actor. By taking this step, the Bank is demonstrating a willingness to adapt to the increasingly complex development landscape in West Africa, where agility, local knowledge, and partnership-building are essential to success.

The establishment of EBID's first country office in Côte d'Ivoire reflects the Bank's commitment to expanding its reach and maximising development impact across West Africa

For Côte d'Ivoire, hosting the EBID office is also an opportunity to further entrench its role as a regional leader in development finance. The move is expected to enhance its standing within ECOWAS while unlocking new avenues for investment and collaboration.

The establishment of EBID's first country office in Côte d'Ivoire reflects a shared vision for a more connected, prosperous, and self-reliant West Africa. It highlights the Bank's commitment to bringing its services closer to the people, expanding its reach, and maximising development impact across the sub-region.

As the Abidjan office opens its doors, it will do more than simply house EBID staff – it will serve as a beacon for economic cooperation and a catalyst for transformative development projects in Côte d'Ivoire and beyond. The move sets the stage for deeper regional integration and provides a model that could be replicated in other member states, as EBID continues its mission of building a stronger, more resilient West Africa. ■

Chinese companies grab stake in Nigeria’s EV future

Chinese firms are mining lithium in Nigeria and selling finished electric vehicles into the country as the market hots up, writes **Dulue Mbachu**.

Chinese companies are taking up positions at both ends of Nigeria’s clean energy supply chain in a bid to dominate the electric vehicle future of Africa’s most populous country. Two factories for the processing of lithium, a vital element in the batteries for electric vehicles, are planned in Nigeria this year, both backed by Chinese investors. One is a $600m facility under construction on the boundary of Kaduna and Niger states in the country’s north by Jiuling Lithium Mining Company, which is due to start production this quarter. Another, a $200m facility by Canmax Technologies located in Nasarawa state, just outside the capital, Abuja, will start in the third quarter.

The Chinese firms have the majority stake, funding more than 80% of the ventures, with the minority stakes held by local investors.

Founded in 2011, Jiuling has grown into a leading global supplier of lithium salts for electric car batteries. It counts among its customers the US electric-car maker Tesla, and China’s BYD group, the global leader in electric vehicles.

Canmax began life in 1997 as a supplier of battery materials but has veered squarely toward lithium processing in recent years. More plants are also due

to start operation this year, bringing current Chinese investments in Nigerian lithium facilities to about $1.3bn, according to the Ministry of Solid Minerals.

They join a few other early starters in Nigeria's lithium sector including Ganfeng Lithium Industry, a company registered in Nigeria by Chinese nationals, which opened a $250m lithium processor in Nasarawa state last year. Also in the Nigerian lithium fray is UK company Jupiter Lithium, which discovered high-quality lithium deposits in Kaduna state.

Discoveries indicate huge potential

Nigeria does not yet count among the world's leading lithium producers – Australia, Chile and China account for more than 80% of global production – but discoveries made so far indicate huge potential, according to the prospectors. A lithium belt has been mapped by the Nigerian Geophysical Survey Agency (NGSA), across the country from the northwest through the country's centre to its southeastern edges near the Cameroon border.

A major attraction of Nigerian lithium is its high grade, with some deposits containing as much as 13% lithium oxide. Deposits with a mere 0.4% lithium are often worth exploitation. Nigeria is also incentivising exploration – investors get a five-year tax holiday, duty exemptions on plant and machinery, deferred royalty payments to the government and a capital allowance of 95%.

Local value addition

President Bola Tinubu‘s administration, which took office two years ago, cites its changed approach to mining, neglected for decades after Nigeria discovered crude oil, as the reason for new investors' commitment. The government now prohibits the export of mined raw materials, insisting on some local processing. "Under our new local value-addition policy, we said investors must show us plans for local refining," minister of solid minerals development Dele Alake told reporters recently. "That has led to these two factories."

The main rival to the Chinese companies so far in the race for Nigeria's lithium is Jupiter Lithium, which capped some two decades of work in Nigeria with the discovery of significant lithium reserves in the northern state of Kaduna. Jupiter teamed up with US-based ReElement Technologies, a refiner of rare earth minerals, to build its first concentrator facility. It started production in the first quarter, with plans to produce 55,000 tons of 6% lithium this year, increasing output to 167,000 tons in two years, according to the company. Though Jupiter has an agreement to supply some local electric vehicle companies, the bulk of its output is aimed at meeting the demand of manufacturers in Europe and America, according to its chairman Stephen Davis.

The ultimate aim is to set up local electric vehicle assembly plants that will run on the lithium batteries produced in Nigeria, Alake said. And after an 18 May meeting with Alake, China's ambassador to Nigeria Yu Dunhai said: "Plans are under way to establish electric vehicle factories." Chinese companies are already deeply involved in Nigeria's mining sector, from exploration to processing.

Fledgling indigenous companies

While Nigeria may have been a latecomer to electric vehicles due to a history of poor and erratic mains power supply, China's BYD nonetheless opened shop in Nigeria in April after reaching a distribution deal with French trading company CFAO for sports utility vehicles.

BYD is joining a Nigerian electric vehicles market still in its early stages, with fledgling indigenous companies such as the Electric Motor Vehicle Company (EMVC) and Saglev. EMVC, based in Abuja, produces a range of electric-powered vehicles from tricycles to cars, buses and farm equipment. Lagos-based Saglev is for now focused on sedans and sports utility vehicles.

For power, the industry appears to be adopting the same off-grid response used to cope with power shortages and outages. While in the past most of those who could do so acquired fossil-fuel generators, electric vehicle owners are switching to solar power and storage systems to support their mobility.

"Just like any serious Nigerian business makes alternative power arrangements, the future of electric vehicles here is mostly off-grid," says Ardo Mohammed, an Abuja-based enthusiast who says he recently gave up his gasoline-powered car for a BYD Atto 3 model.

Solar-powered charging stations

To encourage more rapid adoption, the Ministry of Innovation, Science and Technology has started building solar-powered fast-charging stations in Abuja, in collaboration with indigenous EV maker EMVC. "It is a direct reflection of Nigeria's commitment to reducing dependence on fossil fuels, enhancing energy security, and promoting green innovations," Uche Nnaji, the minister, said at the recent unveiling.

To further consolidate its lead in the emerging electric vehicles sector in Nigeria, China is moving to increase its engagement with the Nigerian government. When Tinubu visited China in September his bilateral talks with President Xi Jinping centred on infrastructure, energy, the green economy and mining. Both countries also decided to elevate their relations from a strategic partnership to "a comprehensive strategic partnership," indicating even deeper relations.

Nigerian foreign minister Yusuf Tuggar visited Beijing this June to follow up on those discussions and participate in the Ministerial Meeting of Coordinators on the Implementation of the Forum on China-Africa Cooperation. On the table were new Chinese proposals for green technology, non-tariff market access and digital infrastructure investments. "Nigeria is ready to work more closely with China, not just as a partner but as a strategic ally in delivering economic transformation and sustainable development," Tuggar told reporters at the end of the meetings. ■

The Ministry of Innovation, Science and Technology has started building solar-powered fast-charging stations in Abuja, in collaboration with indigenous EV maker EMVC

Above: the Electric Motor Vehicle Company's Ologun sedan.

Opposite: A wedge of lithium.

CREATE
OPPORTUNITIES
IMPACT
COMMUNITIES
TRANSFORM
LIVES
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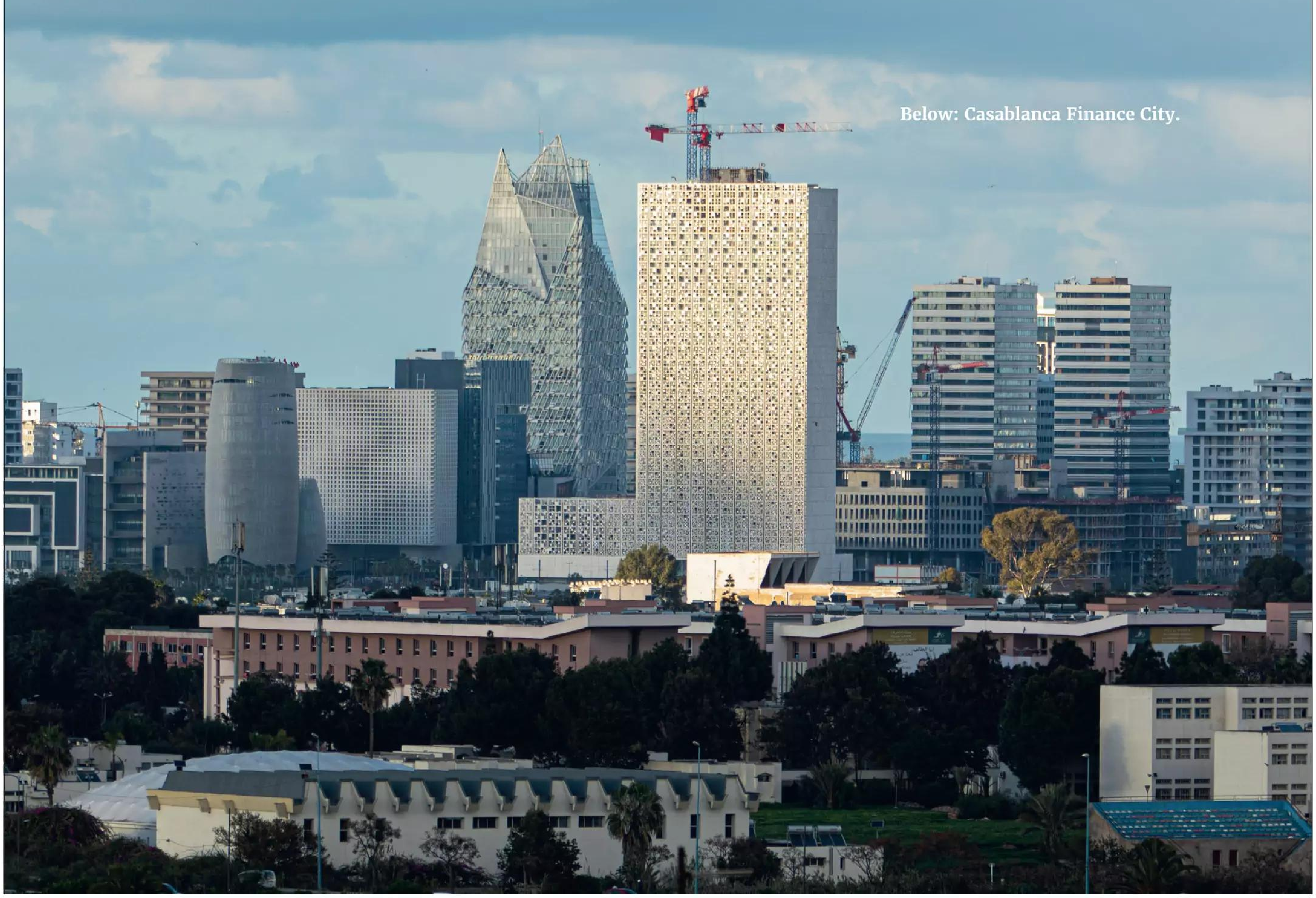
SPECIAL REPORT

MOROCCO

For several weeks in 2030, the eyes of the world will be on Morocco as it co-hosts the FIFA World Cup with Spain and Portugal. The football jamboree and its buildup offer a generational opportunity to put the country firmly on the global map as an industrialised trading and manufacturing hub underpinned by a modern agricultural base.

In this special report, we look at how the country is grasping the opportunity by investing billions of dollars in its infrastructure and digital architecture, and unleashing the power of its innovative private sector.

But with advantages from hosting international sports events famously ephemeral, how is Morocco building for a future beyond the football?



Below: Casablanca Finance City.

The kingdom plans to use the football jamboree as a springboard to become one of the world's most prominent emerging market economies, writes **Harry Clynch**.

Morocco prepares for 2030 World Cup limelight

Speaking to *African Business* in Rabat, Amal El Fallah Seghrouchini, Morocco's minister for digital transition and administrative reform, reflects on a "big deadline" the country is facing in its ambitious plans for economic growth and development – the 2030 FIFA World Cup. "There are a huge number of projects and infrastructure developments we are undertaking in preparation for 2030," she says. "There is another deadline in 2030 related to the Sustainable Development Goals, coming at the same time as the World Cup – both focused on growth and development."

There is indeed the sense in Morocco that economic momentum is building – with 2030 the year, they hope, that the country fully announces itself as a major power in the African and Arab world. A Moroccan government official in London, who wishes to remain anonymous, tells *African Business* that "Morocco is on the path of development, and we want to become a prominent emerging markets economy."

"We want to progress into becoming a top 20-25 country globally in terms of GDP, partly driven by development infrastructure. That's the vision of His Majesty King Muhammad VI and that's what Moroccans are constantly talking about in forums and on social media," he adds.

Opposite: Moroccans arrive for the start of the Qatar 2022 World Cup group match between Canada and Morocco at the Al-Thumama Stadium in Doha.

"How can Morocco leapfrog its development and progress both economically and politically? On a national level, the World Cup is seen as the catalyst for that."

Data supports optimism

The underlying economic metrics suggest this optimism is justified as the 2030 deadline draws ever nearer, even if the decade started with a series of severe economic shocks. The Covid-19 pandemic was followed by a prolonged drought that culminated in 2023 being the country's driest year in more than eight decades, significantly reducing domestic crop yields.

The two events were a hammer blow to key sectors such as tourism and agriculture. Tourism accounted for over 7% of Morocco's GDP in 2023, while agriculture accounted for almost 12% – while employing 30% of the workforce, according to the World Bank. Disruptions to these two key industries helped push youth unemployment up to almost 27% in 2020, on World Bank figures, before recovering to 22% in 2024.

Furthermore, Morocco and its North African neighbours were some of the countries most exposed to the global food supply chain shocks caused by Russia's invasion of Ukraine in 2022, thanks to their high dependence on imports for essential goods.

Also, the two Eastern European countries are also some of the world's largest producers of fertiliser, for example, sending costs spiralling for the North African agricultural industry. Spikes in grain prices – as well as fuel after oil prices surpassed $130 a barrel in 2022 – unleashed a wave of inflation in Morocco. Prices rose at an average rate of 6.7% in 2022 and only slightly lower at 6.1% the following year.

Infrastructure spurs economic fightback

However, there are now encouraging signs that Morocco is bouncing back strongly – and poised to make big strides as it eyes 2030. According to the World Bank, real GDP growth is expected to be around 3.9% this year.

With Morocco's central bank, the Bank Al-Maghrib (BAM), moving quickly to hike interest rates in 2022, inflation has also been brought under control – with prices rising only by 0.9% in 2024. In light of these improved economic conditions, unemployment is, in turn, also steadily decreasing.

This job creation is partly being driven by the myriad infrastructure projects that the Moroccan government is currently undertaking. The country's high-speed rail project is Africa's first. It was launched back in 2018 from Tangier to Kenitra, with trains currently continuing on normal tracks to connect key economic hubs such as Casablanca and Rabat; new high-speed lines to them are being built.

High-speed rail, which is part of Morocco's $37bn rail strategy, will ultimately extend to other key cities such as Marrakech and Agadir – creating thousands of jobs during the construction works, while enhancing productivity and making freight transportation easier and cheaper.

Other major government projects, such as the $7.5bn national port strategy, are similarly designed to improve trade efficiency and unlock stronger economic growth. The expanded port of Tanger Med is

ROCCO

now Africa's largest cargo port – having more than doubled its capacity from 3.5m to 9m twenty-foot equivalent units (TEUs) – and is connected to 180 ports worldwide.

This focus on improved infrastructure connectivity is partly motivated by the need to meet the standards required for the World Cup and partly by a recognition of the economic benefits such modernisation could bring. However, Seghrouchini suggests the projects also represent a wider Moroccan ambition – to be recognised as an economy similar in size and sophistication to the country's European neighbours.

"We want and need to be compliant with Spain and Portugal [which are co-hosting the 2030 World Cup]. Their digital and physical infrastructure is already advanced and works very well," she says. "We cannot bring supporters to Morocco without all this in place."

A Moroccan government official similarly notes the symbolic importance for the country in co-hosting the tournament with two important European economies. "The fact we are hosting this with Spain and Portugal says a lot about how we want to be viewed as very close to the Euro-Mediterranean community."

The North African country is now the single biggest exporter of automobiles to the European Union, with such exports reaching a value of $16.4bn in 2023

Delicate balancing act

A key focus for the Moroccan government as it pursues its economic and geopolitical priorities has been trying to avoid taking sides on controversial issues.

For example, while condemning Israel's actions in Gaza, perhaps acknowledging widespread anger on the issue domestically, the Moroccan government has continued to develop its commercial relationships with Jerusalem – with trade between the two countries increasing significantly since Rabat signed the Abraham Accords, a US-brokered diplomatic agreement between Israel and some Arab states, in December 2020.

The Moroccan government's approach to the Russia-Ukraine war has been similarly mixed: while the country was reported in late 2022 to have sent military equipment to Kyiv at the request of the United States, Morocco has at times also abstained from votes condemning Moscow at the United Nations.

Zakaria Hanafi, director of the Moroccan Center for Geopolitical Analysis and Anticipation in Rabat, tells *African Business* that this approach is a critical part of Morocco's economic development goals. "We have very good diplomatic and economic relations with everybody – with Russia, with China, with the US, with the UK, France and Germany," he says. "This stability is very important not only geopolitically, but also economically."

Auto industry poised for growth

The Moroccan government appears to be leveraging this approach, along with the country's geographic location, to position Morocco as a trade and logistics hub connecting Europe, Africa and Asia.

While improving Morocco's trade infrastructure, there are also ambitious plans to expand the Mohammed V International Airport in Casablanca – a $1.5bn project that will see the airport's annual capacity soar from 30m to 80m passengers per year.

This trade focus has also undoubtedly contributed to the growth of Morocco's automobile industry. The North African country is now the single biggest exporter of automobiles to the European Union, with such exports reaching a value of $16.4bn in 2023.

Export numbers have grown by almost 150% in less than a decade.

The country is now ramping up its capacities even further: Morocco aims to produce cars at a rate of one million a year by the end of this year.

Several global automotive companies already have significant manufacturing and assembly plants in Morocco, including Renault, Peugeot and Volkswagen. In June Tesla, one of the world's largest producers of electric vehicles, opened an office in Casablanca as its first step into the African market. It does not currently manufacture or assemble in the country, however.

The automobile industry in Morocco has benefited not only from the incentives the government has offered producers – such as tax breaks and subsidies – but because of the country's strategic location which offers access to markets in Europe, Africa, the Middle East and beyond.

The country has preferential trade agreements with 62 countries around the world. Meanwhile, relatively low labour costs and political stability means Morocco is broadly seen as a safe and profitable place to do business.

The authorities in Morocco will be hoping that its automobile industry – which has progressed from engaging in basic vehicle assembly to more advanced manufacturing – will prove to be a model for its wider economic development as it seeks to climb up the value chain.

The world pays attention

On a trip to Morocco this month, the UK's foreign secretary David Lammy announced increased cooperation with Rabat in a range of sectors including infrastructure, construction, energy healthcare, logistics and more (*see page 68*). This indicates the world's powers sense a growing number of commercial opportunities as Morocco's economic transformation comes to fruition.

Indeed, in the last twelve months alone several world leaders have visited the North African country in search of similar deals. France's Emmanuel Macron, China's Xi Jinping, Spain's Pedro Sánchez and leaders from across Africa have travelled to Morocco in order to strengthen diplomatic and economic ties – and often to announce multi-billion-dollar investments.

As Morocco prepares to co-host the 2030 World Cup, the country senses that it is undergoing a transformative economic moment. While there remains much work to be done, Morocco's accelerating industrial drive and scores of ambitious investment projects suggest the country is rapidly positioning itself as a rising economic force on the global stage. ■

Above: A car assembly line at automaker Stellantis' plant in Kenitra.

Opposite: The expanded Tanger Med is now Africa's largest cargo port.

MAERSK LINE
MAERSK LABERINTO

Interview: Amal El Fallah Seghrouchini, minister for digital transformation

Digital minister Amal El Fallah Seghrouchini tells **Harry Clynch** *that technologies like AI will help to reform administration, preserve culture and attract investment.*

Morocco prepares for future with five-year digital plan

In September last year the Moroccan government unveiled its “Digital Morocco 2030” strategy at a ceremony in Rabat. The strategy includes several major goals aimed at leveraging the power of technology to modernise Morocco’s public services and further the North African country’s economic and development plans. Among the aims outlined in the strategy include accelerating “eGovernment” services, positioning Morocco as a leading African tech hub and attracting higher foreign direct investment flows as a result, as well as fostering the growth of Morocco’s start-up ecosystem.

Shortly after this announcement, in October, Amal El Fallah Seghrouchini was confirmed as Morocco’s new minister for digital transformation and administrative reform. Seghrouchini, who previously served as the executive president of Morocco’s International Center for Artificial Intelligence, has been tasked with putting AI at the heart of Morocco’s digitalisation and growth strategy.

Speaking to *African Business* in Rabat, Seghrouchini says that “we have two basic goals – succeeding in the digital transition and reforming Morocco’s administration. For me, AI is absolutely crucial to both. Today, you cannot bring about the digital transition without AI.”

> ***‘For me, AI is absolutely crucial... Today, you cannot bring about the digital transition without AI’***

Seghrouchini sees AI technology as fundamental to democratising access to Morocco’s public services and boosting development outcomes. One obstacle to engaging with state services has traditionally been poor literacy. Morocco’s illiteracy rate has declined in recent years but still stood at 24.8% in 2024, with illiteracy levels higher in rural areas at 38%.

“Generative AI is very helpful in many settings. Rather than depending on reading or writing messages [to public services], people could use their phone to record voice messages which can then be transcribed using AI,” she says. “To reform Moroccan administration, we need to simplify citizens’ access to services – and to do that, we need tools that can speak to people who otherwise would be left out. This use of generative AI is very helpful for this and can also reduce the gap between rural and urban areas.”

Cultural concern

Digitalisation and the rise of AI have been met with concern in many parts of the world – with African citizens particularly fearful about AI’s disruptive potential. One common fear is that this revolutionary new technology could undermine traditional cultures and ways of life.

However, Seghrouchini believes that the opposite is true. “We’ve signed an agreement with the Moroccan National Library [to collaborate on digitalisation]. In Morocco and in Africa in general, the culture is transmitted verbally. Therefore, to preserve this, we need to record what is transmitted on digital platforms.”

“We also have a lot of material that we cannot use – documents that have disintegrated over time. You also find swathes of material in rural areas that nobody has used,” she adds.

By digitalising all of these documents and making them publicly accessible on digital platforms, Seghrouchini hopes the next generation will be better able to engage with Morocco’s cultural artefacts.

Transitioning from a paper-based to a digital society will also improve the efficiency of the Moroccan government, Seghrouchini notes. “One example of this is birth certificates. We have 30m physical documents, most of which are very badly written and therefore very difficult to process,” she explains.

“We are using machine learning to process these documents and introduce digitalisation into this important administrative area. With machine learning, we have achieved about 88% accuracy – the rest you have to fine-tune or finish automatically. But this is one way we’re seeking to digitalise the administration.”

Seghrouchini is convinced that the benefits of digitalisation and AI technology are clear both in modernising the Moroccan government – which has partnered with UNESCO to train 5,000 civil servants in these digital strategies – and achieving the country’s broader growth and development goals.

Continuing challenges

However, challenges remain. Perhaps the biggest is getting the relevant infrastructure in place – which is why the Moroccan government is dedicating considerable resources to enhancing the country’s technological infrastructure, with the wider aim of positioning Morocco as a continental leader in this space.

There have been some positive moves in this direction. “Lloyds Capital [an investment firm] has

proposed to build a data centre in northern Morocco, in the region of Tangier – a $16.6bn project that would potentially include Nvidia and other stakeholders," Seghrouchini says.

"Oracle has already opened a research and development centre in Casablanca – they have 1300 Moroccans working for them on offshoring solutions," she adds. "We are also in very advanced talks with DG Connect [a directorate-general or department of the European Commission] with the aim of bringing an AI factory to Morocco," Seghrouchini tells *African Business*. "We hope this will be finalised very soon."

"I want to have at least three data centres in Morocco – one in the north, one in Benguérir, and one in Dakhla in the south. These factors would more than cover Morocco's needs and allow us to provide some services to African and European countries," she says.

"Today in Africa we have less than 1% of the world's data centre capacity. If Morocco can provide 2% or 3% – that would be big progress."

Seghrouchini hopes that Morocco will increasingly emerge as a continental leader in the AI space, pointing out that the United Nations Development Programme (UNDP) has already selected Morocco as the "Arab-African Centre of AI". Along with investing in infrastructure, Seghrouchini believes that attracting talent is another key element in this.

Recalling the diaspora

Part of this is encouraging Moroccan diaspora populations to come home. "We do not know why – perhaps it is because of the pandemic or because of the political situation in Europe – but there is a growing trend of Moroccans abroad coming back to Morocco, Seghrouchini tells *African Business*.

"We see this as a big opportunity for diaspora populations to come back and participate in our economic and digital development – and to help us develop as a society too."

Seghrouchini says the government is also looking at other ways to attract the next generation of digital talent. "I visited Estonia recently and was very impressed by the concept of e-residency," she says. "In Morocco, we work with a lot of people from across Africa – and for AI, we need people to provide facilities in computing, storage, and developing services."

"In the digital and post-Covid world, more people want to stay at home and work remotely. With e-residency, you could have more people from across Africa easily accessing the Moroccan market, and vice-versa."

Seghrouchini is optimistic that such initiatives will allow the Moroccan government to leverage the potential of AI to achieve the two core goals she has been set: furthering the digital transition and reforming Morocco's administration.

She also believes that, partly because of the government's strong support for this emerging industry, Morocco is well poised to attract significant amounts of private capital to support these endeavours.

"Morocco is one of the most stable countries, politically speaking. I think that Morocco will provide a very good model for how to use digital tools for development – an example for Africa, the Arab world, and beyond," Seghrouchini says. ■

Ithmar Capital is one of the key pillars of the Kingdom's national investment ambitions. We asked its CEO, Obaide Amrani, to set out its goals and achievements.

'Our mission is to help build the economy of tomorrow: sustainable, inclusive and shared'

To start, could you give us an overview of Ithmar Capital?

Ithmar Capital was established to promote long-term, impactful and profitable investments that align with the country's broader development strategies. Unlike typical investment funds, Ithmar Capital operates upstream in the investment value chain, ideating, preparing and structuring transformational projects that require institutional sponsorship. This approach enables better risk allocation, enhances project bankability, and significantly increases the multiplier effect on public capital, helping to attract private capital at scale.

Since our shareholders expanded our mandate to cover all productive sectors in 2019, we've focused our model on strategic themes that reflect Morocco's long-term priorities, such as job creation, current account optimisation and enhancing the country's attractiveness to international investors.

These themes span high-potential growth sectors as well as critical enabling sectors.

Ithmar Capital's primary contribution is not the volume of capital it deploys, but its ability to unlock and mobilise private capital through robust project preparation and balanced risk allocation.

To this end, we deploy our strategy through two complementary platforms: a project preparation platform that addresses early-stage barriers preparation, risk structuring and an internationalisation platform that supports the internationalisation of the Kingdom's economy.

Through these initiatives, and by leveraging our global partnerships, we aim to catalyse transformative investments that support both national development and deeper regional integration.

South-South investment is a cornerstone of the Kingdom's vision for continental cooperation. What specific strategies is Ithmar Capital employing to encourage it?

South-South cooperation is indeed more relevant and necessary today than ever, especially in light of the evolving global economic landscape and the succession of crises since the Covid-19 pandemic. The first type of capital to dry up in times of crisis is often development aid and investment capital. It is therefore essential that we increase the share of our own resources dedicated to productive investment and development, in order to turn the continent's potential into tangible economic outcomes.

At Ithmar Capital, we act primarily as a catalyst for opportunities and a trusted partner – both to identify and de-risk transformational projects and initiatives capable of attracting private investors. We

AFRICA SOVEREIGN INVESTORS FORUM
ITHMAR CAPITAL

Below: The launch ceremony of the Africa Sovereign Investors Forum in Rabat, Morocco, in June 2022.

firmly believe that the main constraint to development is not only a lack of capital, but also the shortage of bankable projects that offer the right risk-return balance.

As a founding member and chair of the Africa Sovereign Investors Forum (ASIF), how is Ithmar Capital fostering collaboration among African sovereign investors?

Fostering collaboration among African sovereign investors is indeed at the heart of ASIF's mission. Since its conception and launch, we have focused on transforming that ambition into concrete frameworks for collaboration at both the strategic and operational levels.

ASIF's efforts embody our shared commitment to aligning long-term capital with Africa's long-term priorities, particularly in addressing critical challenges such as climate change, infrastructure, food security, regional integration, while creating structured opportunities for co-investment among ASIF's members.

ASIF is not only elevating the role of African capital but also contributing to a more compelling and credible investment narrative for the continent.

How does ASIF plan to concretely facilitate coordination among African sovereign investors, and what lessons have emerged from this first three-year term?

Despite its young age, ASIF has quickly established itself as a major and credible initiative across the continent and beyond. This was especially evident during ASIF's most recent Annual Meeting, held in Abuja, Nigeria and hosted by the Nigeria Sovereign Investment Authority.

Over the past three years, ASIF has succeeded in establishing key strategic partnerships with institutions such as the African Development Bank, Africa50 and UNCTAD. Notably, the Forum also marked a milestone with the signing of the Rabat Declaration by ADIA, ADQ and KIA during ASIF's inaugural edition in 2022, held under the High Patronage of His Majesty King Mohammed VI.

How is ASIF positioning itself to reassure and crowd in international capital, particularly in light of the risk perceptions often associated with the African continent?

Attracting foreign investment is a core objective for ASIF, and we are actively positioning the Forum as a trusted gateway to Africa's investment opportunities. Through the ASIF, we offer global investors a privileged access to various investment opportunities focused on African needs.

What makes this initiative unique is the early and direct access it provides to proprietary deals sourced and co-financed by African sovereign investors. These institutions bring deep local insight, strong networks and an ability to navigate the business environment with confidence, helping to mitigate risks that are often perceived externally.

We are building a layered risk mitigation strategy. This includes the use of catalytic capital from philanthropic partners, geographic and sectoral diversification, and the integration of both local and international expertise.

Governance and strong operational models are also key success factors. The initiative adheres to international best practices, ensuring transparency and accountability through investor representation in key decision-making bodies and robust ESG reporting frameworks. Altogether, these measures reflect ASIF's commitment to building a credible and investor-friendly value proposition that can crowd in long-term capital and help reshape the investment narrative around Africa.

ITHMAR
CAPITAL

> **'Our mission is not only to invest in the economy of today, but to help build the economy of tomorrow – sustainable, inclusive and shared'**

Under Morocco's presidency of the International Forum of Sovereign Wealth Funds (IFSWF), you've championed good governance, sustainability and impact investing. How is Ithmar Capital embedding these principles into its investment philosophy?

The Kingdom's chairmanship of the board of directors of the IFSWF marks a historic first for an African fund and is a strong testament to the Kingdom's leadership, both on the continent and internationally under the enlightened vision of His Majesty King Mohammed VI.

Our active engagement within the IFSWF aligns with our broader mission to promote Morocco as a credible and attractive investment destination. By highlighting high-potential sectors and opportunities, we contribute to positioning the country within the global community of long-term investors. The IFSWF, which today brings together 44 sovereign funds managing over $5 trillion in assets, offers a valuable platform to advocate for the role of SWF.

At Ithmar Capital we've brought renewed momentum to the forum by advancing themes specific to development-oriented sovereign investors, and by ensuring greater African representation within the dialogue.

In line with Morocco's pioneering role in energy transition and sustainable development, we are committed to embedding impact and sustainable investing themes more deeply into the forum's strategic dialogues.

At Ithmar Capital, these principles are not theoretical, they shape our investment philosophy. We believe profitability and developmental impact are not mutually exclusive. By focusing on high-quality project preparation, risk-sharing mechanisms and long-term partnerships, we aim to generate returns while maximising socio-economic value for Morocco and beyond. The real challenge lies in aligning timelines and expectations across stakeholders but that is precisely where development-oriented sovereign funds like ours can lead.

Looking ahead, how do you see Ithmar Capital evolving to meet Morocco's and Africa's future economic challenges?

Ithmar Capital will continue to evolve as a strategic investor driving long-term, sustainable transformation in Morocco and across Africa, together with key private and public partners. We are intensifying our focus on key sectors that are essential for current and future development.

Our mission is not only to invest in the economy of today, but to help build the economy of tomorrow, sustainable, inclusive and shared. This vision is reflected in our actions.

We are committed to contributing to making investment a true driver of development both at the national and continental levels and to supporting an Africa that takes its destiny into its own hands.

An Africa that no longer seeks development aid, but rather co-investors to bring projects to life, generate employment opportunities, and pave the way for inclusive and sustainable growth.

We are fully mobilised around this mission, and we continue to challenge boundaries and shift paradigms to help change the narrative of Africa from a continent of the future to a continent of the present, from one full of promise to one full of opportunity. ■

Economic optimism and the prospect of a World Cup infrastructure boom are improving liquidity on the bourse, but IPOs remain scarce and the global economy is stuttering, writes **Lennox Yieke***.*

Morocco's stock market rides wave of World Cup optimism

Opposite: Casablanca Stock Exchange (CSE) also known as the *Bourse des valeurs de Casablanca* (BVC).

Below: Casablanca Stock Exchange CEO Tarik Senhaji.

The Casablanca Stock Exchange (BVC) has strengthened significantly over the past two years, argues CEO Tarik Senhaji. The total market capitalisation of companies listed on the bourse stood at $92.5bn at the end of March, a 43% surge from $64.6bn at the end of 2023. Stock trading volumes have more than doubled in the past year and several companies have capitalised on the bullish mood to raise equity capital on the exchange, he says.

"Last year was the best on record in 15 years in terms of volumes traded, participation of institutional and retail investors, price performance, and the capital raises we facilitated," says Senhaji. He tells *African Business* that this momentum has carried on into 2025, with trading volumes remaining elevated in the first quarter.

Senhaji attributes the surge in stock market activity to an acceleration in capital flows in the Moroccan economy, arguing that investor confidence has risen in recent years on account of the kingdom's improved economic prospects.

"We are witnessing quite a turning point in terms of the development of the *Bourse de Casablanca*. There is a lot of confidence in the business community and the exchange is here to translate that into transactions," he says, citing the 2030 World Cup as one of the major drivers of increased capital flows into the Moroccan economy.

World Cup galvanises infrastructure

Since the international football federation FIFA announced in October 2023 that Morocco would host the World Cup alongside Spain and Portugal, there has been a new wave of public and private investments in sectors of the economy to aid the kingdom's preparations for the games. Infrastructure development has emerged as a particularly strong driver of new investments, Senhaji reveals.

"We not only have the World Cup in 2030. We also have the high-speed rail from Tangier, which was launched by His Majesty the King, and connects through Rabat to Casablanca.

"It is now being extended all the way down to Agadir. That means more investment, more opportunities for companies, and more flows into the economy."

"That investment velocity and that turnover of cash is very important. We finance professionals are interested in the velocity of money rather than the mass of money. If you have a big mass of money but it's not moving, it's not producing wealth. The good thing about Morocco is that there is a lot of velocity in terms of investment flowing into the economy," he says. He argues that investor confidence has also been bolstered by a shift in macroeconomic policy. "We beat inflation and that gave the central bank room to cut rates earlier this year.

"Lower interest rates mean corporations can borrow cheaply and invest, so that's conducive to more investment. That augurs well for the exchange."

Companies cash in

Senhaji argues that the attractive fundamentals of listed companies have helped support stronger valuations in the market. Elevated share prices have in turn encouraged more companies to consider raising capital on the stock market.

"The good results of listed companies last year drove interest in the bourse. Listed companies saw their earnings increase on average between 7% and 10%. Companies are reaping the rewards of their investments, so they are soliciting our market more," he says.

"In our primary markets, we had a good year in 2024, with more than 7bn Moroccan dirham ($766m) raised. This includes one IPO [initial public offering] but also many capital increases for companies who want to invest in their businesses and they go to the market to raise more funds through equity," he adds.

Among the Moroccan companies that have listed is CMGP, a pan-African agri-tech company operating across five countries in North and West Africa. The company's IPO, which was completed in December 2024, was oversubscribed 37 times, with investors offering 40.6bn dirham ($4.47bn) against the 1.1bn dirham ($120m) that the company was seeking.

"That company [CMGP] was supported by three private equity companies, among them DPI [Development Partners International]. It is not a company which by definition is very well known by the public. However, that changed after the IPO," he explains, adding that of the roughly 33,000 investors who participated in the IPO, 32,000 were retail investors.

'Last year was the best on record in 15 years in terms of volumes traded, participation of institutional and retail investors, price performance, and the capital raises we facilitated'

Expanding the product pool

Discussing what will drive the exchange's future growth, Senhaji highlights that a major focus is expanding the product pool to offer more sophisticated products besides stocks and government bonds.

In this regard, the exchange in May launched a futures instrument covering the MASI 20, the index tracking the market's 20 most liquid stocks. This move aims to enhance liquidity, expand the investor base, and allow for long and short positions.

The exchange has indicated that future derivative offerings will include interest rate futures, single-stock futures, and equity options. It hopes these products will attract a deeper pool of institutional investors as the nation prepares to finance massive infrastructure spending.

Senhaji says the exchange is currently preparing to launch real estate investment trusts (REITs) and exchange traded funds (ETFs).

> *'We are seeing an uptick in new investors. Retail participation last year was 22%...'*

A cog in the real economy

Senhaji readily admits that the role of the stock market in any economy is often not sufficiently known or understood by the general public. This is, however, shifting and more Moroccans outside the wealth and asset management industry are taking an interest in the stock market, he says.

"There is growing interest in the exchange – from policymakers to university kids who are dabbling in the exchange or fascinated by everything to do with stock markets. This wasn't always the case and is a sign that the capital markets are beginning to take their rightful place in the economy," he says.

"We are seeing an uptick in new investors. Retail participation last year was 22%, an improvement from the 10% that we had at the beginning of the decade," he says.

"The primary market is also popular. Companies have now started to look very seriously at the exchange as a source of capital. That could translate into a new wave of IPOs," he adds.

Although Morocco's stock market is riding a wave of optimism, several risks remain. Firstly, sophisticated products like futures, REITs and ETFs have a mixed track record in Africa. They don't always attract institutional investors and enhance liquidity.

Derivatives often face low adoption in emerging markets due to limited investor education and high transaction costs. For example, Nigeria's derivatives market was launched in 2018, but has seen minimal trading volumes since. Kenya's REIT market has struggled to attract fresh listings. ILAM Fahari I-REIT, the only REIT that was actively traded on the Nairobi Securities Exchange (NSE), was delisted in February 2024.

Secondly, securing new IPOs may prove challenging amid a strained global economy. With bourses worldwide struggling to attract fresh listings, Morocco's track record – only six IPOs since 2020 – suggests it will be an uphill battle to get more companies to go public. The market also faces concentration risks. Morocco's banking and real estate sectors account for over 60% of BVC's capitalisation and drove much of the earnings growth in 2024, while smaller sectors such as agriculture and manufacturing lagged due to drought and weak global demand. This concentration makes the market vulnerable to sector-specific shocks such as real estate slowdowns or banking stress.

Downside risks

Indeed, real estate markets in emerging economies often face boom-bust cycles. If demand for properties weakens post-World Cup, overvalued real estate firms could drag down the wider market. Over-optimism tied to events like the 2030 World Cup may inflate valuations beyond fundamentals, risking a correction if expectations are unmet.

Finally, while infrastructure spending tends to boost growth in the near term, it can carry longer-term risks. This is because infrastructure spending tends to benefit large corporations and urban areas. Large scale projects like sporting facilities can also lead to fiscal strain and the inefficient use of public assets, as seen in South Africa, where some stadiums remain significantly underutilised years after the 2010 World Cup. ■

Below: A construction worker at the Marrakesh Stadium in Morocco which will be used in the 2030 FIFA World Cup.

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The UK is targeting new trade and business ties with Morocco after a diplomatic breakthrough between the countries, writes **Harry Clynch***.*

A new era of Morocco–UK collaboration?

Speaking in Rabat earlier this month, the UK's foreign secretary David Lammy announced that his government would now be backing Morocco's claims to sovereignty over the Western Sahara. Lammy said "the UK has chosen to endorse autonomy within the Moroccan state as the most credible, viable, and pragmatic basis for a mutually agreed and lasting solution to the Western Sahara dispute, one that can deliver on our commitments to conflict resolution in the region and self-determination for the people of Western Sahara."

It is hoped that the move will unlock billions of pounds' worth of investment deals and infrastructure projects for British companies in Morocco.

The Western Sahara was a Spanish colony until 1975. After Spain's withdrawal, both Morocco and the independent Polisario Front movement claimed sovereignty over the territory.

Stalled status

The territory remains on the United Nations' list of non-self-governing territories, but efforts to resolve the conflict through UN-mediated talks have largely stalled over the past decade.

While Britain has maintained a neutral stance on this dispute since then, it has now joined a growing number of powers – such as France, Germany, and Israel – in formally recognising Morocco's claims to the land.

The US became the first major Western nation to recognise Moroccan sovereignty over the territory

in December 2020, during the first Trump administration – a decision that was then reaffirmed by President Biden.

Time for business

The move is seen by both sides as a major move towards strengthening trade and business ties. Hakim Hajoui, Morocco's ambassador to the UK, tells *African Business* that this "represents a strategic step that opens new avenues for deeper UK-Morocco economic cooperation and shared prosperity".

"Regional stability creates fertile ground for trade and investment, especially in this region that serves as a key gateway to Africa, with the Atlantic port of Dakhla playing a central role," he adds.

Dakhla, a city in the Western Sahara, is being viewed by the Moroccan government as a potential future hub for energy and logistics, with new port and road infrastructure aiming to improve connectivity within markets across Sub-Saharan Africa.

Amal El Fallah Seghrouchni, Morocco's minister for digital transformation and administrative reform, also tells *African Business* that the government is eyeing a new data centre in Dakhla as part of their plans for boosting Morocco's AI capabilities.

Such projects are attracting interest from investors in the Gulf and, increasingly, Europe – with the French Development Agency (AFD) recently announcing a €150m ($167m) investment in environmental and water supply projects in Western Sahara.

> ***'Stability creates fertile ground for trade and investment, especially in this key gateway to Africa'***

Security at centre stage

A Moroccan foreign affairs specialist, who wishes to remain anonymous, tells *African Business* that the UK government was persuaded to change its long-standing position on this issue as these commercial interests are entwined with security.

Given the rise of political violence and instability in the Maghreb and Western Africa, European governments and others increasingly believe there is a need for strong institutions in order to safeguard their own diplomatic and commercial interests.

"Morocco's main argument was that you need strong governance and a strong state presence in the area – not only in the Moroccan Sahara, but also in the whole region," he says.

"We have all seen the spread of coups d'état in West Africa. It's really important for the international community to acknowledge that strong states and strong institutions in these regions are paramount in order to ensure peace and prosperity.

"We believe this could have positive reverberations across the region in creating an arc of security and prosperity."

A "UK-Morocco association agreement" has been effective since 2021; prior to Britain's exit from the European Union, UK-Morocco trade took place under a framework agreed with Brussels. Trade volumes remain, however, relatively small.

Indeed, total trade in goods and services between the UK and Morocco stood at £4.2bn ($5.7bn) in 2024, with the North African country accounting for just 0.2% of the UK's total trade. This is significantly lower than Morocco's trade with comparable European economies such as France or Spain. France's exports to the country, for example, reached €7.4bn ($8.56bn) and are continuing to grow.

In light of this, a government official in Rabat says that "both parties believe the economic partnership is under-performing and that it could be much bigger – we hope to see a steady rise in bilateral exchange and trade."

UK targets infrastructure contracts

The UK government appears to recognise the potential, with Lammy noting during his trip that Morocco and Africa more widely "has one of the greatest growth potentials of any continent. This young, dynamic population makes the continent an engine room for growth." Prior to entering the government in July last year, Lammy also suggested that engaging more deeply with developing markets in Africa could be a route to much-needed higher growth in the UK.

There have been steps made towards closer economic engagement with Morocco. This month, the UK Department of Business and Trade signed a partnership agreement with Morocco's minister delegate of budget that will see the countries collaborate on critical infrastructure projects ahead of the 2030 FIFA World Cup, which Morocco is jointly hosting with Spain and Portugal (*see page* 72). As Morocco seeks to modernise its infrastructure and public services, some £33bn ($44.75bn) of public procurement contracts are expected to be on offer over the next three years – and the UK government hopes closer diplomatic ties with Rabat will put British firms in a stronger position to secure some of these lucrative contracts. To this end, the UK Department of Business and Trade and Morocco's Ministry of Equipment and Water also signed a memorandum of understanding (MoU) to strengthen cooperation on water and ports infrastructure. Furthermore, UK Export Finance, the government's export credit agency, signed a deal with TAQA Morocco, a major Moroccan energy company, to support the company's transition to low-carbon power generation.

World Cup boost

Several other MoUs were also concluded to set the basis for increased cooperation across procurement, higher education, scientific research, healthcare, energy, and more. British firms are also expected to participate in the $1.5bn project to expand and modernise the Mohammed V International Airport in Casablanca, which will see its annual capacity almost triple from 30m to 80m passengers per year.

The Moroccan official notes that the World Cup – which will see up to $6bn in investment in the country alone – is a "catalyst" for stronger economic relationships between Morocco, the UK, and other European partners.

"For me, the most powerful thing is that Morocco – an Arab and Muslim country – is jointly organising the World Cup with two Western countries, Spain and Portugal," he says.

"This signals a high level of alignment and a high level of cooperation with other Western countries – and of course, a strong and steady rise in interdependent economic relationships is likely to follow." ■

Opposite left: Britain's Foreign Secretary David Lammy (L) and his Moroccan counterpart Nasser Bourita in Rabat.

The Moroccan fintech hopes to boost its global presence through strategic deals and organic growth via cloud data centres, writes **Lennox Yieke***.*

Payments firm HPS unpacks growth and acquisition plan

Hightech Payment Systems (HPS) is gearing up for a period of intense expansion that could see it potentially acquire smaller rivals as it eyes a bigger slice of the international payments market. The Moroccan financial technology firm, which offers its flagship powerCARD payment solution to more than 500 institutions in 95 countries, is seeking to grow its annual revenues to between $220m and $300m by 2027.

Abdeslam Alaoui Smaili, HPS CEO and co-founder, tells *African Business* that the firm is on track to meet these ambitious goals, pointing to the past year's results. In 2024, the company reported revenues of 1.267bn Moroccan dirham ($140m), a 6.4% year-on-year increase. "We're halfway there," he says, adding that "about 10% to 15% of future revenue growth will come from organic strategies and another 10% to 15% through acquisitions that make sense."

Last year, the firm bought Dublin-based CR2, a digital banking and payment software developer, for an undisclosed amount. According to the firm's investor presentation, the acquisition of CR2 is anticipated to contribute €30M in revenues in 2025. The deal also gives HPS access to a client portfolio, including three new global top 100 banks.

Actively seeking acquisitions

On the back of the CR2 acquisition, Smaili says the firm is actively seeking new deals. "We have a team looking at different targets around the globe. They follow three rules when assessing opportunities. The first one is: can we get the technology faster if we acquire another company than if we build it ourselves?"

The second principle, he says, is that the acquisition target should offer access to a new segment of customers where the firm can benefit from expanded reach. "Today we're working with banks and processors, areas where we're traditionally strong," he explains. "We're also working with retailers, e-gov, and telcos," he adds, describing these customer segments as areas where the firm needs to "gain more traction" – potentially through acquisitions.

"The third thing the team looks at is geographical presence. Lately we have invested a lot in new geographies," he says, citing the firm's foray into Australia and Canada, as well as expansion in key Asian markets like India.

Nearly half of HPS's revenue comes from Africa, followed by Europe and the Middle East. HPS expanded to Australia last year and to Canada in 2023. As of 2022, 7% of the firm's revenue was generated in the Americas and 9% in Asia. The firm is aiming for each of these regions to contribute at least 15% to group revenues by 2027.

Asked how the firm will finance its future acquisitions, Smaili says all options are currently on the table. It can use cash from its reserves, issue shares, tap debt, or pursue a combination of all three, he says. "It will all depend on the acquisition in consideration."

The CR2 acquisition was financed primarily by bank debt, HPS's investor presentation shows. The company has in recent years become more involved in acquisitions compared with past periods. In 2021, HPS completed the takeover of ICPS, a payment switching and card management services company. That same year it also closed the acquisition of IPRC, a provider of remote management of electronic payment systems. The last acquisition before this was in 2010 when it took over ACPQualife, a provider of software testing and qualification services.

Organic growth boosted by new revenue model

Shifting the conversation to how HPS is pursuing organic growth, Smaili argues that a recent change to the company's business model has resulted in stronger revenue growth.

"Our revenue model was previously based on the number of cards, mobiles or merchants signed on, but we have shifted to a SaaS (software-as-a-service) model that enables us to monetise usage," he says.

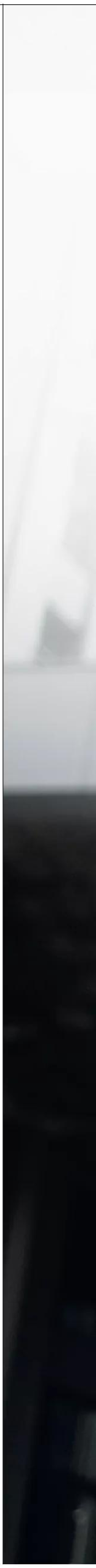
"The more the platform is used the more revenue we get," he explains.

"Before, we were selling a license and the product was operated by the customer; now the customers are telling us: 'I don't want to get involved in the technology side, or on security and compliance issues. Please run it for me.' So we are actually having more revenue from these customers because we are running it for them."

To maximise the potential of its SaaS platform, HPS is investing in cloud data centres in key growth markets, including the US, where it finalised a cloud data centre in 2024. Another cloud data centre is currently being set up in Australia.

The company utilises classic data centres in Africa, Middle East, and Europe, and hybrid ones in South-East Asia. Cloud data centres, unlike

Below: Abdeslam Alaoui Smaili, HPS CEO and co-founder.



classic ones that require heavy up-front investments, allow firms to benefit from the pay-as-you-go model, which ultimately makes for a more efficient and scalable business.

Discussing the technologies most likely to drive future growth in the payments industry, he singles out the use of blockchain by central banks to develop central bank digital currencies (CBDCs) as a major opportunity. "This is a great opportunity, because CBDCs will reduce cash, and therefore will increase the number of digital transactions.

"We believe that this is a great opportunity for HPS to support the transition from cash to CBDCs," he says, adding that "we are not focused on the CBDC management, but rather on the transaction management."

Hiring locals

Building trust with customers, regulators and other stakeholders is key to the success of HPS's growth ambitions, Smaili emphasises. Trust, he believes, is built by ensuring strong local representation in business teams in the different markets the firm operates in.

"We believe diversity is a strength. In each place that we build, we hire local people who will understand what is built, the needs of the market, and the unsaid things in meetings. So our challenge is to make sure that we are able to continue this proximity with our customers, this warmth of the relationship, which is at the end an issue of trust," he says.

The group, which he co-founded alongside two partners in 1995, now has about 1,500 employees and offices in 13 countries. The question will be whether the firm can execute its latest growth strategy – especially the acquisitions – without overloading its balance sheet with debt.

The firm closed 2024 with 244.59m Moroccan dirham ($26.8m) of cash, compared with 211.04 dirham ($23.2m) of cash the previous year. Debt on the other hand surged from 116.15 dirham ($12.7m) in 2023 to 585.12m dirham ($64.2m) in 2024, partly reflecting the impact of the debt-financed acquisition of CR2 on the company. ■

'Our revenue model was previously based on the number of cards, mobiles or merchants signed on, but we have shifted to a software-as-a-service model that enables us to monetise usage'

Two major football competitions are helping to provide the impetus for the development of the Souss Massa region of Morocco, writes **Lennox Yieke***.*

Ambitious Agadir aims for World Cup boost

The port city of Agadir is pushing forward with an ambitious urban development programme as it prepares to host tourists for two major global sporting events. The city's Adrar stadium, which can seat 45,480, is undergoing extensive renovation in readiness for the Africa Cup of Nations (AFCON) in December. The stadium is also set to host matches during the 2030 FIFA World Cup – alongside five other stadiums in Casablanca, Marrakech, Tangier, Rabat and Fez.

The World Cup, which Morocco will co-host with Portugal and Spain, is expected to generate a substantial economic uplift, benefiting sectors such as infrastructure, tourism, transport, and retail. Some $5bn is expected to be spent in Morocco on infrastructure alone. Agadir – which is the administrative centre of Morocco's Souss Massa region – is one of the Moroccan cities that are already undertaking massive infrastructure upgrades to deal with the influx of international visitors expected during the football competition. Besides the renovation of the Adrar stadium, new investments have been made in training facilities, transportation networks, and accommodation expansion.

"There are opportunities in tourism, and jobs are being created in construction, and many other sectors. The momentum is there," Rachid Boukhenfer, vice president in charge of economic development at Souss Massa's regional council, tells *African Business.* He argues that preparations for AFCON and the World Cup have spurred fresh investments from both the public and private sector. "The Agadir airport is among those in the kingdom slated for expansion to accommodate the expected surge in international visitors," he says.

Boukhenfer singles out tourism as a particularly promising sector. "We are allocating significant resources to strengthen air connectivity and upgrade existing tourism infrastructure, especially hotels and related economic infrastructure."

"We are diversifying our tourist attractions to enhance visitor experiences. This includes promoting niche activities like cultural tourism, water sports – especially surfing – golf, and services targeting digital nomads."

Boukhenfer says that there are already signs that this strategy is producing "promising results," pointing to the surge in international arrivals to the city. "The number of visitors is approaching 1.5m. Flight traffic at Agadir airport has also increased, reaching 453 flight movements on a weekly basis, with the British market leading, followed by the French and German markets," he says.

Tourism remains the mainstay of Morocco's economy. In 2024 the country recorded 17.4m tourist arrivals. This represents a 20% increase compared to 2023, and makes Morocco the most visited country in Africa. AFCON and the World Cup, Boukhenfer argues, will help sustain the sector's heady growth.

Big plans

Boukhenfer emphasises that, while hosting AFCON and the World Cup are significant milestones for Agadir and the Souss Massa region, they are only part of a broader vision to transform the city into a "modern, vibrant, and sustainable metropolis".

"Our central location, linking northern and southern Morocco, is key and the region benefits from strong territorial connectivity," he adds.

He recounts that the city's current urban development programme was launched by King Mohammed VI in 2020.

"The royal urban development projects currently underway are transforming the region into a more liveable, dynamic, and competitive environment for citizens, tourists, and investors alike."

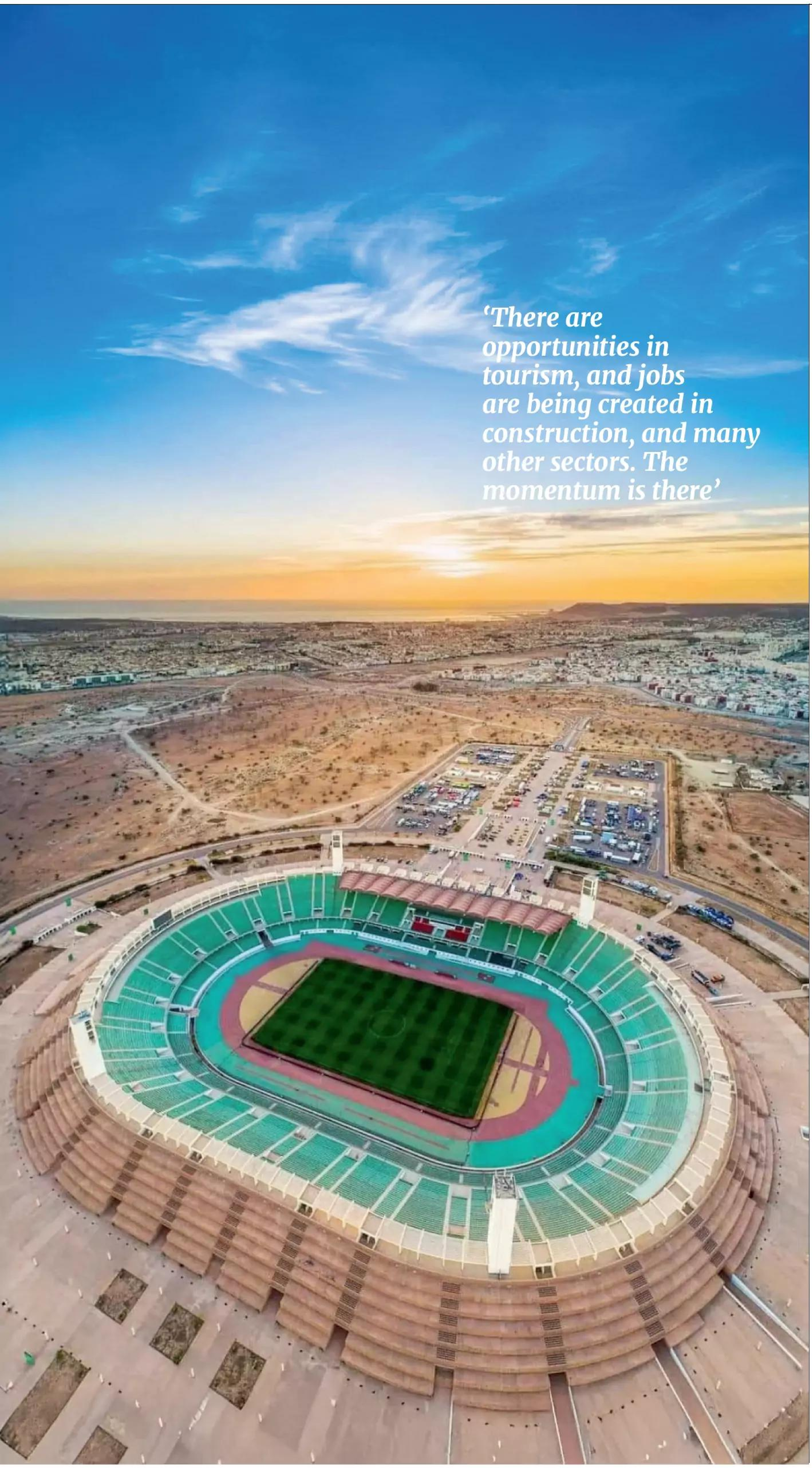
The programme, he points out, targets urban renewal and focuses on strengthening infrastructure, enhancing mobility, improving living conditions, upgrading under-equipped neighbourhoods, promoting tourism, advancing sustainable agriculture, fostering industrial growth and boosting social amenities in education, health, and local commerce.

"It's a comprehensive plan. In agriculture, we are investing in major infrastructure projects such as seawater desalination stations and "water highways" to connect key agricultural zones. These projects are designed to address the severe water scarcity that has affected the country in recent years, while also creating new irrigated areas to sustain and diversify agricultural production," he says.

He notes that the region has also embarked on the development of new industrial hubs focused on the processing of agricultural and fishing products, with the goal of "increasing added value across these key sectors".

He says that plans are under way to expand existing commercial port infrastructure and to boost the logistics sector, pointing to the planned development of an inland "dry port". "The facility will help reduce congestion at seaports and bring essential port services closer to businesses located away from the coast."

Opposite: Adrar Stadium (Adrar is "mountain" in Berber).



'There are opportunities in tourism, and jobs are being created in construction, and many other sectors. The momentum is there'

Skills and employment

Boukhenfer says that equipping young Moroccans with skills that can lead to quality jobs and higher incomes is a major focus for the regional council. Morocco had a relatively high unemployment rate of 8.9% in 2024, according to the World Bank.

"We have developed a comprehensive strategy that integrates three key components – entrepreneurship, employment, and vocational training," Boukhenfer says. "We have created an environment conducive to entrepreneurship complete with incubators, accelerators, co-working spaces, and funding platforms. This has strengthened the broader entrepreneurial ecosystem by connecting established companies with startups and new business initiatives."

He offers the example of the Souss Massa Innovation City, located within the Ibn Zohr University in Agadir. It provides facilities for startups and small and medium enterprises (SMEs), including a research and development (R&D) centre, incubation services and access to resources such as co-working spaces and training programmes.

Boukhenfer offers as another example the Agadir Technopark, which is funded through a public-private partnership and part of a broader Technopark Morocco network that has locations in Casablanca, Rabat, Tangier and other cities.

In a tour of the Technopark *African Business* encountered numerous young coders hard at work on projects ranging from delivery apps to education tools and supply chain solutions. Boukhenfer says that some of the coders and entrepreneurs had no prior skills or experience before they came to the centre.

He says that the training programmes give priority to young people from less privileged backgrounds. "The region is here to back them with the tools, funding, platforms, and partnerships needed to transform their vision into a sustainable and successful business."

Discussing initiatives in vocational training, Boukhenfer says the region has invested in the development of new training institutions, most notably the Cité des Métiers et des Compétences, a vocational training centre that opened its doors to learners in 2022.

Sitting on 15 hectares in the Drarga area of Agadir, the vocational training centre provides innovative, industry-aligned education. "The facility has a capacity of 3,420 pedagogical places and features 11 specialised training hubs covering sectors like industry, tourism, agriculture, health, construction, digital technology, and more," Boukhenfer says.

"The goal is to provide hands-on, immersive learning experiences that align training pathways with the needs of new investors and emerging sectors."

Aim high

By 2046 the region aims to reach a GDP of 661bn Moroccan dirham ($72.6bn). The region expects this will be sustained by annual investment flows of 200bn dirham ($21.7bn), with 25% expected from foreign direct investment.

"Additionally, we are targeting 15% of Morocco's large enterprises to be based in the region, the creation of 30,000 new businesses and cooperatives annually, and a female labour force participation rate exceeding 50%," he concludes. ■

Souss Massa is a major agricultural hub despite repeated years of drought. Recycling wastewater is one of its strategies, writes **Lennox Yieke**.

Ensuring water supply for a drought-prone citrus producer

Above: A labourer pulls weeds on a field of green beans in the Souss Massa region of Morocco.

Like much of Morocco, the most pressing challenge facing the Souss Massa region today is water scarcity. Six consecutive years of drought and record-breaking heat waves have intensified pressure on water resources. The region's policymakers have had to navigate the challenge of ensuring adequate water supply for businesses, households and farms despite tough environmental conditions.

"It all comes down to proactive and strategic management of the region's fresh water resources," says Rachid Boukhenfer, vice president in charge of economic development at Souss Massa's regional council.

Efficient and sustainable water use is a strategic imperative for Souss Massa in light of the integral role that agriculture plays in buttressing the regional economy. The sector employs around half of the region's workforce and is a significant driver of export earnings.

"The Souss Massa region is a major agricultural hub in Morocco, known for its production of vegetables, fruits, and nuts.

"Despite repeated years of drought, the region has maintained its leading role in supplying both national and international markets for early fruits and citrus production, with over 70% of national citrus exports," Boukhenfer says.

"We have been able to achieve efficient water use due to our emphasis on recycling and reuse, which takes the pressure off our freshwater resources. The M'zar wastewater treatment plant of Greater Agadir has been central to our success," he adds.

Built in 2002 on the site of the dunes of M'zar in the Souss Massa National Park, the plant receives all the wastewater of the cities of Inezgane, Dcheira, Aït Melloul and Tikiouine and around 70% of the water of Agadir. The plant supports the reuse of treated wastewater for watering green spaces and golf courses while protecting the environment downstream from the treatment plant discharge.

Expansion planned

On a visit, Ennaciri Abdelilah, head of the investment works department, gives *African Business* an overview of the operations of the plant, which is undergoing expansion works to boost capacity.

The plant currently has potential to provide an annual 11m cubic meters of purified water. Expansion now under way is set to increase this to 24m cubic meters. The timeline for completion is 2026.

"The wastewater treatment plant currently has a capacity of 78,000 cubic metres per day, based on a system of aerated lagoons, sand filters and UV [ultra-violet light] disinfection. The treated water is discharged directly into the sea via an outfall," he explains.

Abdelilah says a feature of the ongoing expansion is the focus on energy efficiency. The sludge produced from the treatment can be used as feedstock for biogas generation. This relieves pressure on the national grid.

"Sludge from the primary tanks is recovered to produce biogas, helping to reduce energy dependency and make the plant partially self-sufficient. This ensures 40% autonomy of the plant's power supply."

Broader ambition

Boukhenfer says the expansion plan should not be viewed in isolation, but as part of a broader ambition by Souss Massa to ensure that "no water goes to waste" and that the region cements its leadership in sustainable water management.

"Ongoing projects, such as desalination and water infrastructure development, will continue to reinforce this leadership," he adds, citing the Agadir desalination plant.

Operational since 2022, this solar-powered plant – with a capacity of 275,000 cubic metres per day, expandable to 450,000 cubic metres per day – complements M'zar by providing fresh water for drinking and irrigation. ■

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Morocco's OCP takes on Africa's agricultural productivity challenge

Morocco's OCP Group is aiming to sell more fertiliser across Africa while harnessing big data, AI and satellite imagery, reports **Lennox Yieke***.*

Agriculture accounts for roughly a third of Africa's GDP and provides a livelihood to more than half the continent's workforce. Yet for millions of African farmers working the land, the promise of prosperity remains elusive due to stubbornly low crop yields.

Nowhere is this challenge more apparent than in cereal farming, which includes the cultivation of key commodities like wheat, rice, maize, barley, oats, rye, millet, sorghum, buckwheat, and mixed grains. According to the Food and Agriculture Organization of the UN (FAO), cereal yields in Africa trail the rest of the world by a notably wide margin.

In 2023, the continent's cereal yields stood at 1.7 tonnes per hectare, which is less than half the global average of 4.24. By contrast, Asia achieved cereal yields per hectare of 4.46 tonnes, behind Europe (4.53), South America (4.69) and North America (6.78).

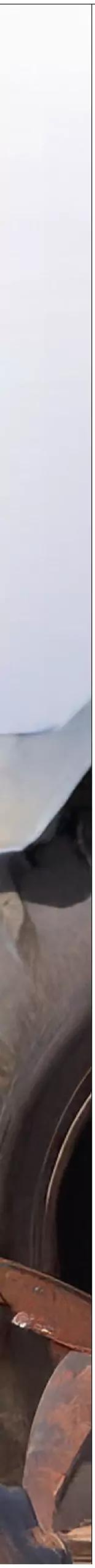
"Global cereal yields have tripled since 1961… However, yields across most African countries have lagged behind," says Hanna Ritchie, deputy editor at *Our World in Data.*

"This is bad for farmers: they get much smaller harvests and live on much lower incomes. It makes it harder for countries to feed their populations. And it's a problem for biodiversity: lower yields mean that farmland has to expand into wild habitats," Ritchie says.

Experts blame the perennially low crop yields in Africa on multiple factors, chief among them the inadequate use of fertilisers and worsening soil degradation – a problem that has intensified over the years amid the escalating climate crisis.

Fertiliser use in Africa is among the lowest globally, averaging around 22 kg per hectare of arable land in sub-Saharan Africa compared to the global average of 140 kg per hectare. This under-use contributes to nutrient-depleted soils and low crop yields.

Moreover, approximately 75% to 80% of the continent's cultivated area is reportedly degraded, resulting



Opposite: Through the Al Moutmir initiative, OCP has set up demonstration platforms covering several crops and regions.

in a loss of 30 kg to 60 kg of nutrients per hectare annually, according to the African Union (AU). If unresolved, projections indicate that over half of the currently arable land may become unusable by 2050.

Addressing the challenges

OCP Nutricrops, a subsidiary of Moroccan phosphate and fertiliser giant OCP Group, was set up in 2022 in part to help Africa tackle these very challenges, according to Youssef El Bari, the company's CEO and chairman. "Our long-term strategy is to protect the environment and increase agricultural productivity by promoting the use of customised plant nutrition solutions," he tells *African Business*. "By addressing soil degradation and promoting smarter fertilisation practices, we have a unique opportunity to unlock higher yields, improve food quality, and reduce environmental impact."

He observes that "one of the reasons fertiliser use in Africa remains seven times lower than the global average is that buyers can't access the financing they need to acquire fertilisers."

"OCP is therefore deploying risk-sharing finance models to empower farmers to access the products they need to improve yields and, critically, improve their livelihoods," he notes.

> *'Our strategy is to protect the environment and increase agricultural productivity'*

A customised approach

Another challenge – besides inadequate fertiliser use stemming from financial constraints – is improper use of the product. Very often, farmers opt for a one-size-fits-all approach, instead of selecting the specific fertilisers that are best suited to their soil types. In some cases, they may have the right fertilisers for their soil types, but the amount of fertiliser applied, the timing, or the application method is wrong, explains El Bari.

To remedy this, he says that OCP Nutricrops is championing a "4Rs" approach – which stands for right source, right rate, right time, right place. "It sounds simple, but it changes everything. Yields go up, losses go down, and the soil stays healthier."

"The method allows us to ensure precise, optimised nutrient management based on responsible farming practices that improve yields, reduce run-off and lessen environmental impact.

"We work directly with farmers to put this into practice, providing training, soil analysis, and customised advice. And we scale it through partnerships, with local institutions, cooperatives and NGOs [non-governmental organisations], to raise awareness more broadly in the markets where we operate."

This customised approach, El Bari argues, is what will help make African agriculture more productive and sustainable in the face of the challenges posed by climate change. "The biggest opportunity for growth is in widening access to customised fertiliser solutions, tailored to the specific needs of different soils and different crops," he says.

"Customisation not only enables farmers to sustainably increase their yields – while preserving the environment and soil health – but is also cheaper for farmers since it means they do not have to pay for nutrients that their soils and crops do not need."

Leveraging digital innovation

El Bari says that digital innovations such as big data, artificial intelligence (AI) and satellite imagery are greatly aiding the company's efforts to improve soil health in Africa. "We've built mapping and monitoring tools that combine satellite imagery, AI and local soil analysis – all adapted to the specific needs of African farmers.

"So far, we have mapped over 54m hectares of land in Africa alone, building a comprehensive profile of soils, and developing farming and nutritional strategies to empower farmers to care for their soils and boost production," he adds.

From this data, El Bari says the company has developed more than 100 custom fertiliser formulas – 52 of them designed specifically for African soils and crops. "The goal is to give farmers the right tools, not just more tools. These technologies are helping us move from guesswork to precision, even in areas with little infrastructure," he adds.

El Bari cites the work that AgriEdge – a precision agriculture company within OCP Group – is doing putting the power of big data in the hands of African farmers.

Faissal Sehbaoui, AgriEdge CEO, tells *African Business* that the company offers advanced tools, backed by data, to assist farmers throughout the growing season – from planting to harvesting. "AgriEdge aims to help farmers optimise the use of water, fertilisers, and other resources, leading to increased efficiency and reduced environmental impact," he says.

"AgriEdge provides solutions like AquaEdge, which uses satellite imagery and sensors to help farmers optimise irrigation schedules, monitor soil moisture, and track rainfall," he adds. "FertiEdge uses AI and real time soil data to optimise fertiliser application, helping farmers reduce nitrogen use by 20% while boosting yields by 24%."

"YieldEdge estimates production levels with 92% accuracy, enabling farmers to plan for market logistics and sales," he adds. Finally, CarboEdge helps farmers measure and monitor their carbon footprint.

"We're focused on the whole ecosystem. We are not just providing agri-tech tools. We are providing training, demonstrating the value of these tools to farmers," Sehbaoui says.

Committed to Africa

El Bari says that OCP is keen to expand its fertiliser production capacity from 14m tonnes in 2024 to 23m tonnes by 2028. This strategic expansion plan – dubbed the Mzinda-Meskala Strategic Program – was launched in April. New mining and industrial hubs in Mzinda, Youssoufia province, and Meskala, Essaouira province.

"It is supported by future-ready industrial infrastructure across Mzinda and Meskala, connected to the new Safi port via a cutting-edge logistics corridor. The sites will be fully powered by renewable energy and rely on desalinated water, eliminating freshwater usage," El Bari says. "Africa has everything it takes: land, people, and potential. But it also faces real challenges – low yields, degraded soils, climate risks. That's why we invest not just in products, but in people and systems." ■

A battery rental model is the latest plan floated to bring electricity access to many parts of the continent, writes **Ben Payton**.

Solar-powered battery rental company gets investment boost

MOPO, a UK company that rents out portable batteries and recharges the devices at solar-powered hubs, has received a strategic investment from energy giant Octopus as it looks to scale up its activities in Africa. The company began its operations in Sierra Leone in 2017. It has since expanded to other markets including Nigeria, DR Congo and Liberia, delivering some 25 million battery rentals on a pay-per-use basis. Octopus is the second major player to invest in MOPO this year, after the UK's development finance institution British International Investment (BII) invested $7m in January with the goal of accelerating the rollout of MOPO's services in DR Congo.

Aligning with customer needs

Luke Burras, MOPO's chief operating officer told *African Business* that the battery rental approach pioneered by the company can succeed in parts of Africa where mini-grids and solar home systems have struggled to be financially viable. "The reason that grid electrification and mini-grid electrification isn't working is because there's a misalignment between customer usage patterns and operator capital costs," he says.

He notes that solar mini-grids are good at delivering electricity during the sunny daytime hours, but operators need to invest in expensive battery storage systems to meet demand peaks in the evening. The result is that customers "are not at all incentivised to be careful" around how and when they use power.

'We knew that we needed to produce an energy solution that matched customers' willingness and ability to pay'

Burras adds that solar home systems also have major limitations across much of Africa, given that the typical customer cannot take on the debt needed to install such a system. Some companies have experimented with leasing solar systems, but Burras says that these companies often struggle to keep growing unless they take on "bad customers" who fail to pay their bills.

MOPO believes that leasing batteries could be a flexible solution that is tailored to the realities of the market in countries like Sierra Leone. "We knew that we needed to produce an energy solution that matched customers' willingness and ability to pay," adds Burras.

Rethinking mini-grids

MOPO currently offers two models: a small 50 Wh device that allows low-income customers to use power for tasks such as lighting and phone charging; and the 1 kWh MOPOMax, which is intended to replace petrol generators.

The range of typical users goes "from somebody who has very low access to electricity and might rent one MOPO battery once a month to charge their phone," says Burras, "all the way to a MOPOMax customer in Kinshasa who's renting four or five giant MOPOMax batteries every day to run their printing business or their fridges making ice for fisheries".

Customers pick the batteries up from MOPO's hubs, where a small array of rooftop solar panels charges and recharges the devices. A network of local agents is responsible for renting out the batteries and ensuring that customers return the devices on time.

Burras says that MOPO is working on several plans to expand its offerings. One project is aimed at customers in areas where some grid power is typically available, but only for a few hours a day. Customers would be able to keep MOPO batteries with a two-way inverter at home for long periods, or even indefinitely, and could charge their batteries when grid power is switched on.

MOPO also hopes to launch its own version of mini-grids. Centralised generating units, possibly at MOPO's existing hubs, would deliver electricity to local homes, where customers would recharge their batteries when solar power is available. Customers would be paying for storage in their own homes, rather than at central locations. "We think that's got real, real capability to scale," says Burras.

MOPO currently employs around 1,200 people, mostly as agents, and no longer has expatriates working on the ground in Africa. But Burras says MOPO is likely to continue relying on Chinese partners for manufacturing. Its CEO Chris Longbottom has relocated to China to oversee the development of new product offerings.

The idea of manufacturing MOPO hardware in Africa remains a distant prospect, Burras acknowledges. "It's not a focus for us," he says, adding "a lot of development would need to take place," before Africa could hope to match the capabilities of industrial agglomerations in China. ■

Octopus Energy launches energy fund with $250m ambition

Octopus Energy has launched its first African energy fund, which will target renewable energy sectors. The Octopus Energy Power Africa Fund plans to invest in clean energy solutions including rooftop solar, battery storage, electric vehicle charging infrastructure and grid upgrades in order to "power communities and businesses with affordable, homegrown, green energy".

The fund is launched with an initial $60m and has ambitions to mobilise $250m over the next three years. As part of the move, Octopus Energy Generation is working with African investment specialist Pembani Remgro Infrastructure Managers to create a "smart, practical model that opens new doors for green investments in emerging markets". Zoisa North-Bond, CEO at Octopus Energy Generation, said: "Africa is abundant with clean energy potential – enough to build the next-generation renewable powerhouse and a greener, fairer future fuelled by sunshine and wind. By partnering with local experts, such as Pembani Remgro Infrastructure Managers, we aim to accelerate that future and create new green pathways."

Below:
After building a network of battery-charging points run on solar mini-grids, MOPO is piloting e-motorbikes in Sierra Leone.

Nigeria

With an eye on the next election, Nigerian President Bola Tinubu was forced to water down his ambitious tax distribution formula after resistance from poorer northern states, writes **Dulue Mbachu**.

Kano
Kaduna
Nigeria
Lagos

How politics trumped Tinubu's Nigerian tax reforms

When Nigerian President Bola Tinubu sent four tax bills to lawmakers last year, his plans went beyond merely trimming and streamlining the country's tax laws. He also wanted to change how tax revenue was shared among the country's states.

As it unfolded in parliament, the first part was the easier one. The second part met with stiff opposition from poorer northern states which support the existing dispensation, forcing Tinubu to settle for a watered-down version.

The new laws passed by the legislature and signed into law by Tinubu include the Nigerian Tax Act, which combines all the country's taxes into one document, bringing down to single digits the more than 60 separate pieces of tax legislation that previously existed. The Nigerian Tax Administration Act stipulates how the taxes will be collected and distributed; and the Joint Tax Board creates a forum for federal, state and local governments to deliberate on tax matters. The Nigerian Revenue Act replaces the Federal Inland Revenue Service with the Nigerian Revenue Service.

States' shares

What would have been Tinubu's most consequential reform was the attempt to change the formula for distributing revenue from sources such as value-added tax among the 36 states. The formula inherited from the country's past years of military rule specified that states were guaranteed only 20% of the funds generated from their jurisdiction; 30% was shared based on the relative sizes of the states' populations, and 50% was shared equally among the states. This meant that states such as Lagos, the country's commercial capital, and Rivers State, which includes the petroleum-industry hub of Port Harcourt, got only a small fraction of the revenue derived from their jurisdiction. For instance, the coastal state of Lagos, which contributed 2.27 trillion naira ($1.47bn) to the value-added tax pool last year, could only get 460bn naira ($297m) under the old sharing structure. Rivers received 188.7bn naira ($77m) out of the 832.7bn ($538m) it contributed.

The northern state of Kano, meanwhile, received 117.2bn naira ($75.8m) though only 77.8bn naira ($50.3m) was collected there in value-added tax. Several states, both from the north and the south, received multiples of what they actually collected, subsidised mostly by Lagos and Rivers states.

Several states, both from the north and the south, received multiples of what they actually collected

Tinubu backs down

Tinubu's attempt to switch to a new formula that gave states 60% of their value-added tax, leaving 20% to be shared based on population and the remaining 20% split equally, drew opposition, mainly from lawmakers and states in the north.

"With an eye on his re-election in 2027, going through with those provisions became politically risky for the president," says Eric Orji, a Lagos-based political risk analyst. "Most of the votes that won him the 2023 election came from the north."

The compromise now signed into law in May gives states 30% of the revenue collected in their territory; 20% will be split on the grounds of relative population size, with 50% left to be shared equally among the states.

The vehement opposition in the north to any change in the distribution equation is a reflection of both economic and political realities. Northern Nigeria has a higher poverty rate (around 80%) than the south and is less industrialised, accounting for the smaller tax revenue. Most of the states in the region depend on federally distributed funds to run their bureaucracies and stood to lose out by the suggested changes.

Low earners to benefit

Still, the Tinubu administration was able to bring significant reforms to the old tax law in areas that were less politically sensitive. New rules introduced in the new tax laws essentially excuse those earning the minimum wage from paying taxes. The category of people required to pay personal income tax was changed from those earning 3.2m naira ($2000) annually to those earning 9.6m naira ($6,200) or more. Those who earn more, now classified as high income, are required to pay a 25% tax rate.

What goes for the individual, relatively speaking, also goes for businesses. Only enterprises with revenue of more than 50m naira ($32,300) a year are now required to pay company tax. Medium-sized

and large corporations operating in sectors considered strategic to the economy will pay a 25% tax, with only those outside that classification required to pay the old 30% tax for corporate organisations. Numerous other levies that added another 4% to the tax rate are now consolidated into a single 2.5% levy that will constitute the fund for student loans.

Changes were also made in the administration of withholding taxes, cutting the tax on commission, consultancy and technical management fees to 5% for Nigerian businesses. Non-resident companies will continue to pay the old 10% rate. A similar dichotomy was also applied to the payment of brokerage fees, with Nigerian residents paying 5% against a 10% rate for non-residents.

The urgency of reform

The tax reforms came at a pivotal time for Nigeria. Oil and gas exports, which have been the main source of government revenue for decades, are losing their primacy. The changes were meant not only to simplify the country's taxes but also to improve revenue collection. That strategy worked for Tinubu when he was the governor of Lagos, Nigeria's richest state and that which includes the sprawling metropolis of more than 15m people.

The changes were meant not only to simplify the country's taxes but also to improve revenue collection

Enhanced tax revenue in Lagos enabled Tinubu and his successors to sell bonds that were used to fund the city's metro project.

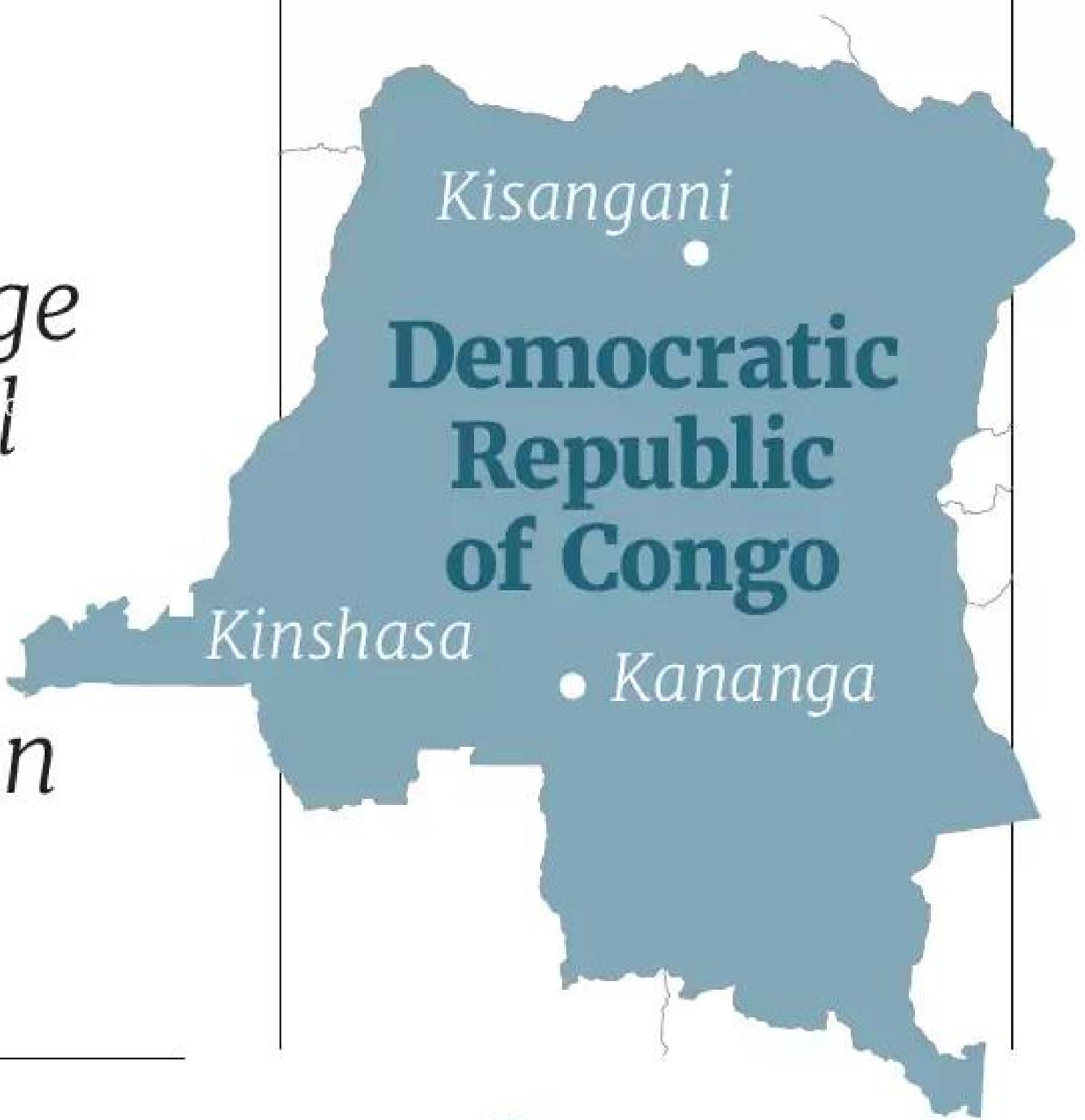
It is an approach the government wants to adopt on a national scale to raise funds to lay infrastructure foundations to enable the country to diversify away from oil dependence. Nigeria's declining oil receipts have made the situation even more urgent, with the country struggling to meet its OPEC quota in the last four years due to endemic oil theft and sabotage in the Niger Delta oil region.

Nigeria experienced a 76% surge in tax revenue to 21.6 trillion naira ($14bn) in 2024 from the previous year on improved collection and administration, raising the tax-to-GDP ratio to 10.3% from 8%. That still lags the African average of 15.6% and the global figure of 19%, prompting the Tinubu government to set an ambitious target of 18% by 2026, to be achieved through improved collection and administration without increasing the tax rate, officials say.

"Tinubu's approach to tax appears to be working well, at least for now," says analyst Orji. "But the government should also prepare for more scrutiny because the more people pay taxes, the more questions they're likely to ask of the government." ■

World Bank commits to controversial Inga hydropower scheme

The lender's $250m pledge will help pay for technical studies, but harnessing Inga's massive potential will take many years, even in a best-case scenario, writes **Ben Payton**.



The World Bank announced in early June that it will spend an initial $250m to help lay the groundwork for the enormous Inga 3 hydropower scheme in DR Congo, as part of a planned $1bn investment to help get the long-delayed project up and running. Albert Zeufack, the World Bank's division director for DR Congo, told *African Business* that building the dam will help address the country's "dramatic" lack of access to electricity. At present just 21% of the Congolese population has an electricity connection, meaning more than 80m people in the country live without power.

Albert Zeufack, the World Bank's division director for DR Congo.

Inga is already home to two hydropower projects, completed in the 1970s and 1980s, and could emerge as the African continent's most important energy hub. In theory, up to 42 GW (more than ten times DR Congo's current power capacity) could be harnessed from the Congo River at the Inga Rapids. Of this, the World Bank believes 3 GW to 11 GW could be tapped in the next phase of the scheme, known as Inga 3. On paper, this power promises to dramatically extend electricity access across DR Congo, provide power to the critical minerals industry, and even to allow DR Congo to export green electricity to its neighbours. The need for more power is obvious. But, like all large hydropower projects, building Inga 3 will come at a considerable environmental and social cost. "We're concerned, of course, about the impacts on the fish and the endangerment of biodiversity within that basin as a whole," says Siziwe Mota, Africa programme director at campaign group International Rivers. She adds that the filling of the dam's reservoir would engulf forests and farmlands, leading to methane emissions as organic matter rots. And she warns that, once the reservoir is filled, high rates of evaporation would reduce the dam's electricity generating potential, especially during drought periods.

Mota also points out that previous studies have suggested that around 37,000 people would have to leave their homes to make way for the dam and its reservoir. The exact number affected will depend on the scale and design of the scheme, but there is no doubt that displacement will be "significant", she says.

The World Bank is convinced, however, that the benefits will outweigh the costs. Zeufack suggests that building the dam could be the "best way" to save rainforests in the Congo Basin, which are currently under threat due to demand for charcoal for use in cooking. Using cheap and green electricity from Inga to replace charcoal would have a "clear environmental benefit", he says.

Better options?

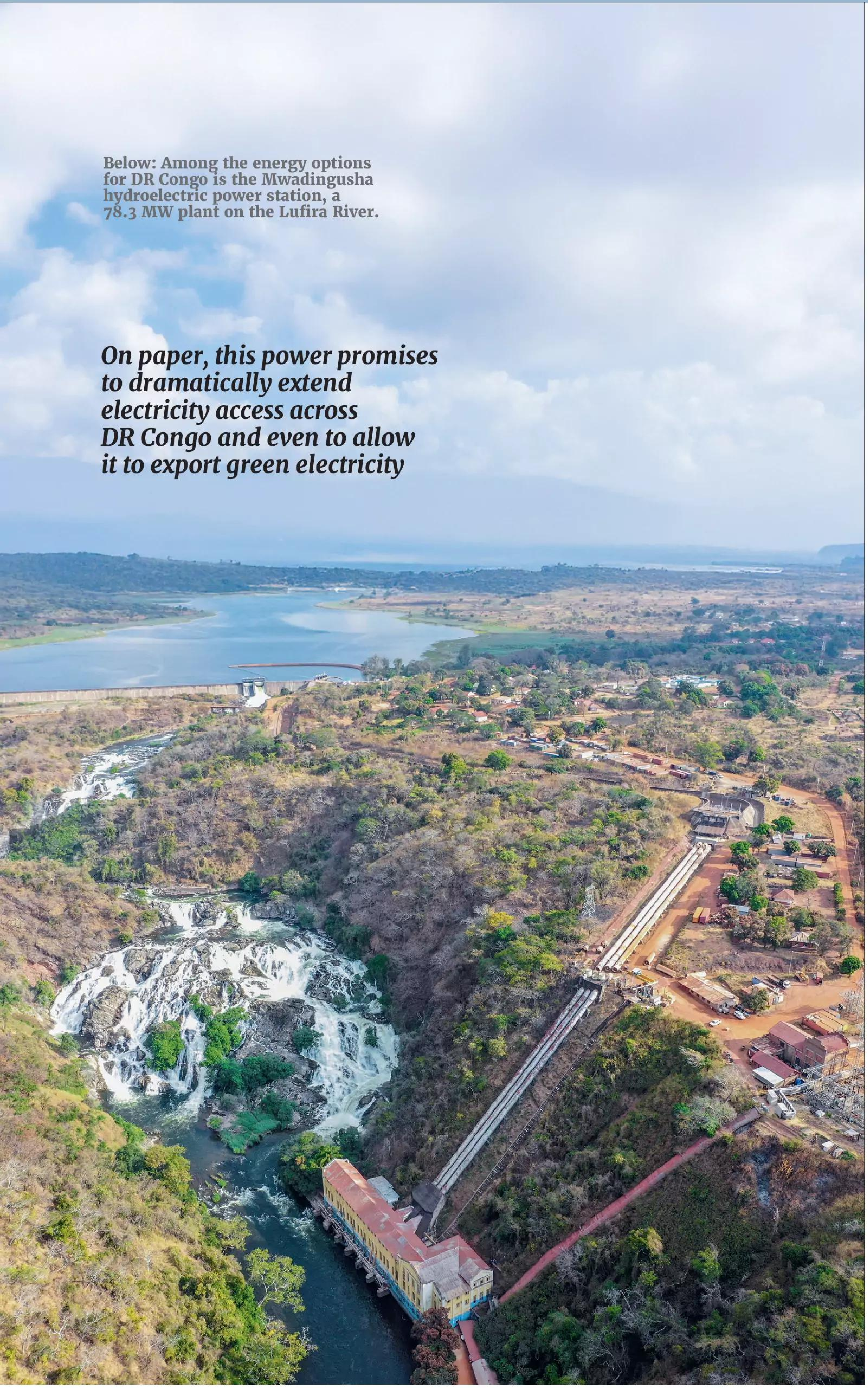
Aside from the social and environmental issues, there is also a question over whether pursuing Inga 3 is really the best – and fastest – way to extend electricity access in DR Congo.

Although the Congolese government is framing Inga as being aligned with "Mission 300", the pan-African agenda to extend electricity to 300m people by 2030, there is no chance that the scheme could be producing power within five years.

Zeufack acknowledges that "at best" electricity from Inga 3 would come onstream in eight to ten years. Even this is optimistic. The only hydropower project of a comparable size in Africa, the 6 GW Grand Ethiopian Renaissance Dam, is only now nearing completion, after 14 years of construction.

Solar projects, by contrast, can often generate power within months of an investment decision being made. Solar-based mini-grids, designed to serve rural communities or isolated facilities such as mine sites, do not require the large-scale transmission and distribution infrastructure needed to move power from generating facilities like dams.

"There are definitely better options for energy for the majority of the citizens who lack electricity," says Mota. Studies



Below: Among the energy options for DR Congo is the Mwadingusha hydroelectric power station, a 78.3 MW plant on the Lufira River.

On paper, this power promises to dramatically extend electricity access across DR Congo and even to allow it to export green electricity

suggest DR Congo could generate 60 GW from solar sources, she notes, adding that micro-hydro projects could also be a better way to meet the needs of remote communities.

The real purpose of Inga, Mota suggests, is to provide power for the mining industry, along with urban areas and other African countries that may be willing to purchase electricity from the scheme. South Africa has a longstanding interest in importing power from Inga, despite the huge costs of constructing the necessary transmission infrastructure.

Asked whether the World Bank would not be able to make better use of its funds with smaller scale projects, Zeufack insists that the bank is investing in a range of energy access programmes in DR Congo. "We are actually spending a lot of money on renewables, on solar, on mini-grids," he says. "DRC is so big that no single source of energy would suffice."

Zeufack argues there is "no alternative to Inga" as a project that could generate huge quantities of power from a single site. He agrees that demand from the mining industry is an important justification for the project. Presently, he points out, DR Congo is producing many of the critical minerals needed for the world's energy transition; yet mining companies in the country often use the most highly polluting types of fuel to power their operations.

Next steps

Inga 3 has been on the drawing board since the 1990s. The World Bank previously announced funding for the scheme in 2014, only to withdraw two years later citing "strategic differences" with the Congolese government. The $250m that it has now allocated will help finance the various studies that are needed before a design for the scheme is finalised. The funding will also help cover local electricity generation projects and training programmes that are intended to benefit the Kongo Central region even before construction begins.

The World Bank's funding will not pay for construction of the dam itself, however. The total cost of the project is highly uncertain at this stage: there is no doubt that the bill will run into tens of billions of dollars.

"We are in agreement with the government of DRC that the financing of the dam will be in the form of a PPP [public-private partnership]," says Zeufack.

"What is quite clear from our perspective is that there is a strong appetite from all the development partners and from the private sector to get involved in financing." ■

Emily Allen *looks back on the life of a giant whose works and insistence on the importance of African languages marked the continent's literature permanently.*

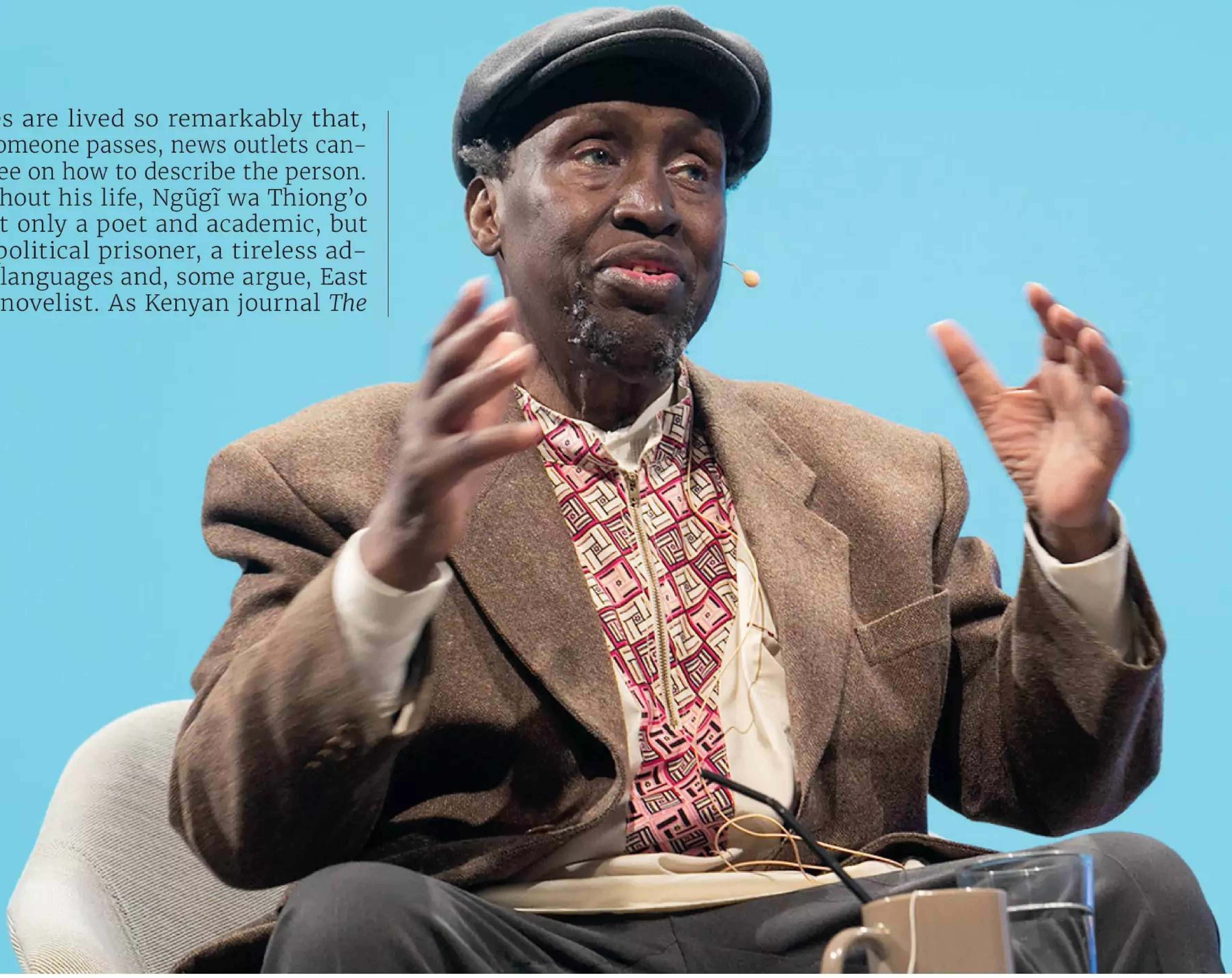
Ngũgĩ wa Thiong'o: the life, work, and legacy of a Kenyan giant

Few lives are lived so remarkably that, when someone passes, news outlets cannot agree on how to describe the person. Throughout his life, Ngũgĩ wa Thiong'o was not only a poet and academic, but also a political prisoner, a tireless advocate for African languages and, some argue, East Africa's foremost novelist. As Kenyan journal *The Elephant* stated after his death, "To call him merely a 'great African writer' would be to shrink his genius – he was one of the most vital thinkers of our age, a voice who spoke from Kenya but to humanity." When Thiong'o's daughter Wanjiku wa Ngũgĩ announced his death, there was an outpouring of tributes from the likes of Kenya's President William Ruto and Wole Soyinka, a winner of the Nobel Prize for Literature.

Dispossessed

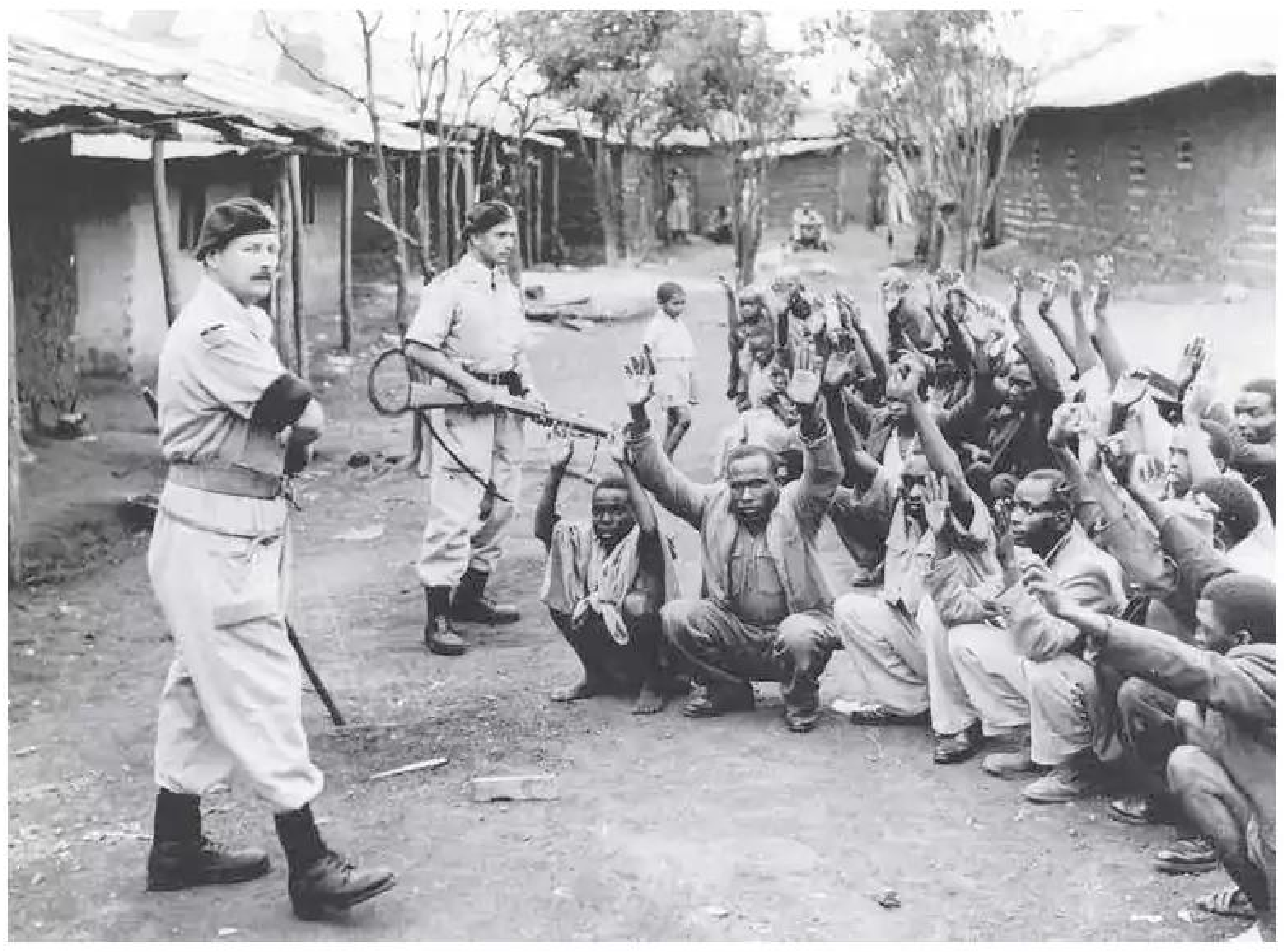
Thiong'o was born James Ngugi in 1938 in the rural village of Kamirithu, when Kenya was a British colony. His farming family's land had been seized under the Imperial Land Act of 1915. His family became involved in the 1952–1960 Mau Mau uprising. His half-brother Mwangi was actively involved in the Kenya Land and Freedom Army resistance and died as a result; another of his brothers was deaf and was shot dead by soldiers whose orders he did not hear; and his mother was tortured at a Home Guard post in the family's village.

At the age of seventeen, Thiong'o left Kamirithu for the Alliance High School near Nairobi, but returned during holidays to find his village razed by colonial forces. His academic prowess led him to Makerere University in Uganda, where he earned his BA in 1963, then to the University of Leeds in England in 1964.



Beginning in English

Thiong'o's literary career opened with *Weep Not, Child* (1964), credited as the first major English-language novel from East Africa. It tells the harrowing story of Kenyan brothers confronting British colonial brutality during the Mau Mau rebellion. Nigerian novelist Chinua Achebe secured its publication in the Heinemann African Writers series after reading it at the 1962 Makerere writers' conference; it won first prize at the 1966 World Festival of Black Arts in Senegal.



Above: Military police search huts for hidden weapons during the Mau Mau rebellion.

Thiong'o's subsequent novels and plays, published throughout the 1960s, explored the complexities and the fallout of the colonial and post-independence era. Also written in English, *The River Between* (1965) explores divisions between Christians and non-Christians; and *A Grain of Wheat* (1967) is set during celebrations for Kenya's independence day. His play *The Black Hermit* (1962) dramatises a conflict between tradition and modernity, and *The Trial of Dedan Kimathi,* written in 1976 with Micere Githae Mugo, focuses on a Mau Mau leader.

Ngũgĩ's work underscored the belief that language is identity, and that liberation starts with speech

A turn to Africa

In 1967 Thiong'o was appointed professor of English literature and fellow of creative writing at the University of Nairobi. He had grown increasingly critical of writing in English, viewing it as a lingering remnant of colonialism, and began to argue for the re-formation of the department to place African literature, including oral literature and writing in African languages, at its centre.

At this time he changed his name from James Ngugi to Ngũgĩ wa Thiong'o, and published a series of influential essays, collected in *Homecoming: Essays on African and Caribbean Literature, Culture, and Politics* (1972). His final English novel, *Petals of Blood* (1972), offers a savage indictment of postcolonial corruption in Kenya – a theme that he would return to in future works.

In that same year he co-founded the Kamirithu Community Education and Cultural Centre and created a grassroots Kikuyu-language theatre whose debut production, *Ngaahika Ndeenda* (*I Will Marry When I Want*), premiered in October 1977 to a crowd of 10,000. The plot exposed class injustices and exploitation, which led to a ban by the Kenyan government after just six weeks.

Ngũgĩ was arrested and detained without trial in Kamiti prison, where he wrote his first novel in Kikuyu, *Caitaani Mũtharaba-Inĩ* (*Devil on the Cross*) on toilet paper. While he was in prison the Kamirithu centre began a production of *Maitu Njugira* (*Mother Sing for Me*): the government withdrew the centre's licence for public performance. In 1982 it banned all theatre in the neighbourhood; then armed police destroyed the theatre.

In an interview later in life, Ngũgĩ described himself as a "literary migrant", stating "I had to be away from my mother tongue to discover my mother tongue." His time in prison also inspired the play *The Trial of Dedan Kimathi* (1976) which explores the role of Kenyan women in the Mau Mau resistance movement.

After his release in December 1978 he was stripped of his University of Nairobi post and fled into exile in 1982, first to the UK and then to the US. He worked with the London-based Committee for the Release of Political Prisoners in Kenya and published *Matigari ma Njiruungi* (translated into English as *Matigari*).

He eventually settled in California and established the International Center for Writing and Translation at the University of California, Irvine. His later works include his prison diary published in English, *Detained* (1981), and *Decolonising the Mind: The Politics of Language in African Literature* (1986), an essay arguing for African writers' right of speech and expression in their native tongues rather than European languages, with the aim of severing remaining colonial ties and building an authentic African literary canon. He urged the continent to reclaim "its economy, its politics, its culture, its languages," emphasising orality and hitting out at a "neocolonial bourgeoisie".

Despite continuing to live in the US, Ngũgĩ continued to write and publish in his native Kikuyu into the 21st century. In 2004 he visited Kenya for the first time in decades – and he and his wife Njeeri were subjected to a violent robbery in which she was raped. He had already faced multiple health crises throughout his life; in 1995, he was diagnosed with prostate cancer and given months to live – but recovered. In 2006, *Wizard of the Crow* was published, translated to English from Kikuyu by Ngũgĩ himself.

His later published works include *Globalectics: Theory and the Politics of Knowing* (2012), and *Something Torn and New: An African Renaissance,* a collection of essays published in 2009 that make an argument for the crucial role of African languages in "the resurrection of African memory". This was followed by two autobiographical works – *Dreams in a Time of War: a Childhood Memoir* (2010) and *In the House of the Interpreter: A Memoir* (2012), which was described as "brilliant and essential" by the *Los Angeles Times.* In 2019 Ngũgĩ's novel *The Perfect Nine* celebrated mythic Kikuyu female ancestors. Translated into English in 2020, it became the first work in an indigenous African language longlisted for the International Booker Prize.

Recognition

Throughout his life, Ngũgĩ earned widespread acclaim, including the International Nonino Prize (2001), the Park Kyong-ni Prize (2016) and the PEN/Nabokov Award (2022).

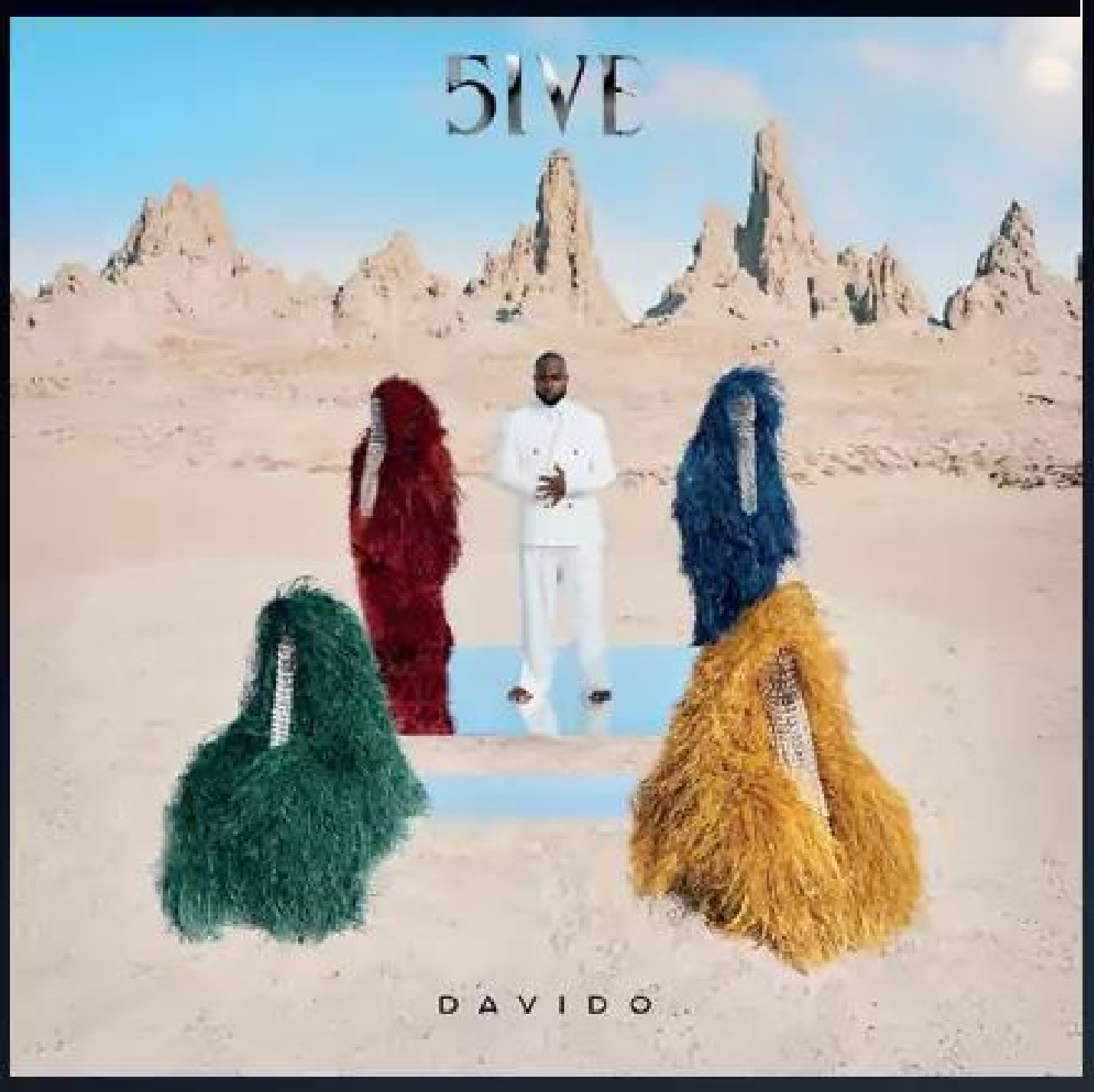
Ngũgĩ's influence continues to resonate through his literary masterpieces that laid bare the open wounds of colonialism and the injustices of post-independence rule. That made him a target, but also a figurehead. He was beaten, imprisoned, exiled, and robbed, yet never silenced, and his work will live on.

After his death, his daughter declared "He lived a full life, fought a good fight." His work underscored the belief that language is identity, and that liberation starts with speech. ■

The Nigerian artist's latest offering seems tilted towards a Western audience, leading to both creativity and compromise, writes **Lara Oyewole***.*

Davido's *5IVE* reviewed: triumph and tradeoffs for Nigerian star

Davido's latest album, *5IVE*, is more than a fifth chapter – it's a pivot. Infused with genre experimentation, lyrical depth, and a surprising penchant for numerology, *5IVE* is both an evolution and a mirror, reflecting not only Davido's personal journey but also the broader transformation – and occasional dilution – of 'Afrobeats' on the global stage.



The opening track, *Five by Alhanislam*, is less song than grandiose sermon. Delivered by spoken-word artist Maryam Bukar Hassan, the 71-second monologue sets the stage with angel numbers and prophetic flair – all in service of the central theme: five.

With *Anything*, Davido balances faith and panache. "No get time to sleep, leave pressure for the weak," he asserts, before likening himself to biblical David confronting Goliath. At his best, Davido isn't singing about cars or conquests, but conviction. That honesty threads through *Be There Still*, a gritty, grief-tinged tribute to his late three-year old son, where he confesses, "the pain brings out the best in me." Here, he doesn't just tell a story – he bleeds it.

Peaks and troughs

But not all that glitters is gospel. *Titanium*, his Chris Brown collaboration, lands like soggy toast – clichéd, sonically Westernised, and oddly divorced from any Nigerian musical DNA.

It's a reminder that in chasing global streams, something deeply African can get lost in translation. Davido certainly isn't the only artist to fall victim to this, yet for someone once synonymous with hits like *Skelewu* and *If*, this polished blandness feels like a betrayal. Of course, it wouldn't be a Davido project without a nod – or several – to romance. But here, quantity overwhelms quality. *Offa Me* with Victoria Monét is a limp call-and-response that neither smoulders nor soothes. *Lover Boy*, despite featuring Francophone icons Tayc and Dadju, disintegrates under cringeworthy lyrics like "I got so many girls in my area," resembling a forgotten SoundCloud demo more than grown songwriting.

Still, *5IVE* has its peaks. *Lately* and *With You* offer welcome returns to Davido's Nigerian core – raw, reflective, and steeped in spiritual overtones – the essence of David Adedeji Adeleke beneath the superstar veneer. Omah Lay's animated performance and silky vocals in *With You* all but carry the album, while Davido wisely opts for a more grounded delivery.

And then there's *10 Kilo*, the chicken metaphor we didn't know we needed. Playing on Nigerian market slang, the track is a flirty ode to plus-sized confidence, one of the album's few genuinely light-hearted moments that still lands.

Identity crisis

But here's the catch: despite its merits, *5IVE* feels at times like a stylistic identity crisis. It wants to be everything – Afrobeats, Amapiano, R&B, 3-Step – and in the process, often becomes nothing in particular. Davido himself has acknowledged this tension, noting in interviews that each project must "please the Western world and make money for the label," but also "please our original fans".

This is evident on the tenth track, *Holy Water* featuring Victony, which attempts to baptise the listener in spirituality but slips on its own contradictions. Between sultry double-entendres and casual swearing, it feels more Saturday night than Sunday morning. Yet a first-place ranking on the Nigeria Official Top 100 Albums proves Davido knows how to sell a narrative, if not always a cohesive album.

Ultimately, *5IVE* is both a triumph and a trade-off. It's a tale of a man who's mourning, maturing, and monetising – sometimes all in one verse. Whether it's the nostalgia, success, or rhythm that drew you in, know this: the Afrobeat juggernaut may not be slaying Goliath this time, but he's still very much in the fight. ■

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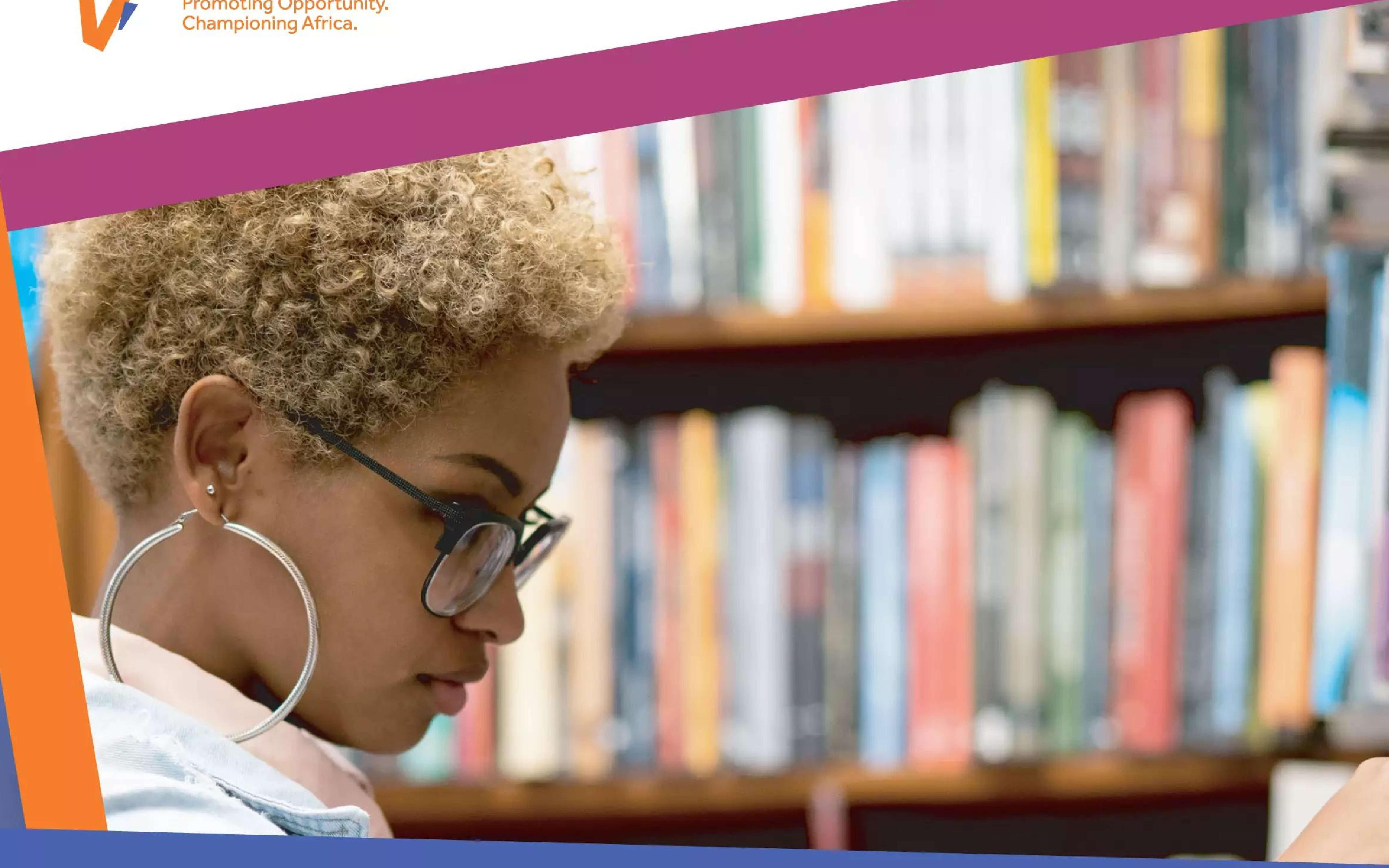

BCA African Business Book of the Year Award

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BrandComms African BUSINESS NewAfrican

Africa's vast market potential, youthful demographic and natural resources complement Singapore's expertise in innovation, connectivity and sustainable development. We ask Rahul Ghosh, Director for Middle East & Africa at Enterprise Singapore, to outline the drivers, sectors and platforms shaping this dynamic collaboration.

Bridging capabilities: Africa and Singapore's economic synergy

As global trade navigates turbulent waters, the partnership between Africa and Singapore is emerging as a model of mutual growth. Both regions are bridging capabilities to chart a sustainable future.

The foundations of collaboration

Four pillars are driving Africa-Singapore economic ties. The first is market diversification. Africa's 1.3bn consumers, rapid urbanisation and rising digital adoption offer Singaporean firms a compelling expansion opportunity amid global trade uncertainties. The African Continental Free Trade Area (AfCFTA), with its $3 trillion combined GDP, is transforming the continent into the world's largest free trade zone, reducing barriers and fostering intra-African commerce. "The AfCFTA enables greater market access, making Africa an attractive destination for Singapore companies," Ghosh says.

Conversely, Singapore serves as a strategic hub for African businesses targeting Southeast Asia and broader Asian markets, leveraging its robust infrastructure and networks. "Singapore can be an effective base for African firms to access these destination markets," he adds.

The second driver is a shared commitment to tackle climate change. Both regions face environmental vulnerabilities, spurring innovative partnerships. Recent Implementation Agreements, under Article 6 of the Paris Agreement, with Ghana and Rwanda—soon to be followed by others—facilitate carbon credit projects. These initiatives deliver high social impact in African host countries, reduce local carbon footprints and enable Singapore to offset emissions. "This collaboration channels technical expertise, green finance and project execution capacity between our regions," Ghosh explains, noting the potential for scalable, high-impact projects.

Third, the reordering of global supply chains, driven by tariff wars and geopolitical disruptions, positions Africa as a vital manufacturing hub. Singaporean companies are already producing goods on the continent for domestic and export markets, with scope for further investment. The AfCFTA's integration efforts are enhancing Africa's role in global supply chains, creating opportunities for Singaporean firms to establish manufacturing bases and tap into the continent's growing consumer demand.

Finally, a mutual drive for learning and growth underpins these efforts. Singapore's journey from a developing to a first-world economy in a single generation resonates with African nations pursuing similar ambitions. At the governmental level, Singapore shares expertise in policy frameworks, financial management, investor attraction and enterprise development. At the enterprise level, Singaporean firms bring technical competence and execution know-how, forming partnerships that transform African visions into tangible outcomes. "Singapore's development experience is relevant to Africa's aspirations," Ghosh says, highlighting the potential for knowledge exchange to drive progress.

Africa's manufacturing ascendancy

Africa's emergence as a manufacturing hub is a cornerstone of its economic transformation. The AfCFTA is creating a $3 trillion market, connecting 1.3bn consumers and fostering intra-African trade, which currently accounts for just 15% of the continent's total trade. The United Nations Economic Commission for Africa (UNECA) projects a 35% increase in intra-continental exports by 2045, driven by reduced tariffs and improved infrastructure. For Singaporean investors, this presents a compelling opportunity to establish manufacturing bases to serve

Africa's burgeoning consumer market.

Ghosh emphasises the AfCFTA's deeper impact: enabling production specialisation. As African nations develop expertise in specific sectors, economies of scale will lower costs, allowing suppliers to innovate and meet higher specifications. "Singapore companies are in discussions with partners to contribute to this reordered global supply chain," he says. Varying US tariffs on African countries could further accelerate intra-African trade, reinforcing the continent's role in global manufacturing. Singaporean firms, with their expertise in high-value manufacturing, are well-positioned to collaborate with African partners, creating win-win outcomes that enhance local economies and global supply chain resilience.

Enterprise Singapore: the catalyst for partnerships

Enterprise Singapore, the city-state's enterprise development agency, is at the forefront of fostering Africa-Singapore collaborations. With offices in Accra, Johannesburg and Nairobi, the agency connects businesses through meticulous demand-and-supply matching. "We seek to understand the need or problem statement, then identify Singapore firms or government agencies that can offer solutions," Ghosh explains. This approach ensures partnerships are tailored to address specific challenges, from infrastructure development to digital transformation.

The agency's on-the-ground presence provides nuanced insights into Africa's microeconomic opportunities and risks. For Singaporean companies, this translates into balanced advice on operating challenges, hidden costs and margin planning, enabling informed investment decisions. Enterprise Singapore also leverages its extensive networks to pair Singaporean firms with credible African partners, fostering trust and collaboration. "Most Singapore companies seek to work with local partners to build their businesses on the continent," Ghosh notes.

For African businesses, Singapore offers a gateway to Asia's growth story. Enterprise Singapore supports African firms looking to diversify exports or expand into Southeast Asia by helping them establish operations in Singapore. "Their presence enriches Singapore's business ecosystem," Ghosh says. African companies can tap into Singapore's free trade agreements, investment treaties, financial institutions and vibrant startup ecosystem to scale their ambitions, creating a two-way flow of opportunities.

Sectors of opportunity

Two sectors hold immense potential for Africa-Singapore collaboration: the digital economy and the green economy. Africa's digital transformation is unlocking efficiencies, transforming businesses and expanding access to services. In fintech, solutions for low-cost, cross-border remittances are critical for Africa's mobile workforce. In education and healthcare, technology enables broader delivery of essential services; while, in logistics, digital tools enhance asset integrity and inventory management across vast distances. Singapore's expertise in digital innovation positions its firms to meet these needs in partnership with African counterparts, driving inclusive growth. In the green economy, Africa's abundant natural resources create opportunities in agriculture, clean energy, sustainable materials, e-mobility and energy-efficient buildings.

> **The Africa-Singapore partnership exemplifies the power of collaboration in addressing global challenges. By leveraging Africa's market potential and Singapore's expertise, both regions are forging a path to sustainable prosperity**

Carbon credit projects, spurred by recent Implementation Agreements, exemplify this collaboration. These initiatives reduce Africa's carbon footprint, create local social impact and support Singapore's net-zero goals. "Singapore developers are keen to collaborate with African partners to deliver sustainable solutions," Ghosh says, highlighting the potential for scalable, high-impact projects that align economic and environmental objectives.

The Africa Singapore Business Forum: a platform for progress

The Africa Singapore Business Forum (ASBF), organised by Enterprise Singapore, is a cornerstone of Africa-Singapore engagement. Held biennially since 2010, the forum has convened over 5,000 attendees from more than 50 countries, fostering networks and catalysing investments. The eighth edition runs from 26–28 August 2025 in Singapore, and is themed "Bridging Capabilities, Charting Sustainable Growth". It will feature expert panels on energy transition, consumer trade, digital technology, manufacturing, supply chains and smart cities, alongside business matching sessions to spark partnerships.

"ASBF is a platform to discuss trends, share insights and build strategic collaborations," Ghosh says. As businesses navigate complex global trade conditions, the forum offers a vital space to diversify markets and seize opportunities in traditional and emerging sectors, reinforcing the Africa-Singapore economic corridor.

A shared vision for growth

The Africa-Singapore partnership exemplifies the power of collaboration in addressing global challenges. By leveraging Africa's market potential and Singapore's expertise, both regions are forging a path to sustainable prosperity. Enterprise Singapore's efforts, through market insights, partnerships and platforms like ASBF, are laying the foundation for a vibrant economic relationship that promises to shape the future. ■

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The US president's blinkered trade and diplomatic policies in Africa are only likely to boost China as Africa's partner of choice, writes **David Thomas***.*

Trump invites China to lead in Africa

Above: A crowd awaits President Xi Jinping's arrival at Brazzaville's Maya-Maya airport on the final leg of a three-nation Africa tour.

Since taking office in January US President Donald Trump's Africa 'strategy' has been even more short-sighted and tin-earned than his most trenchant critics might have feared. Never one to show much of an interest in the continent, Trump appears to have veered from the apathy of his first term – when he didn't visit a single African country – to outright hostility. In June, he banned citizens from seven African countries from travelling to the United States. In a rambling speech, citing risks from terrorism and a recent attack in Boulder, Colorado, as well as the prevalence of visa overstays, Trump justified the exclusion of citizens of Chad, Republic of the Congo, Equatorial Guinea, Eritrea, Libya, Somalia, and Sudan. Partial restrictions have also been imposed on citizens from Burundi, Sierra Leone and Togo.

The proclamation followed just weeks after the degrading spectacle of Trump's Oval Office meeting with South African President Cyril Ramaphosa, who he ambushed in front of the international media with a cynically-edited video recycling discredited allegations of the mass killing of white farmers.

That shameful, unbecoming performance was the latest incident in the spiralling relations between the countries under Trump, who has already expelled the South African ambassador and railed repeatedly against the country on his so-called "Truth Social" platform.

That's not all. In April, Trump slapped tariffs on scores of African countries as part of his "Liberation Day" overhaul of US trade relations – with the hardest-hit nations being Lesotho, whose goods will, he said, be hit with a tariff of 50%; Madagascar (47%); and Mauritius (40%). Just a few of the other hard-hit countries are Botswana (37%); Angola (32%) South Africa (30%); Libya (31%); Algeria (30%); and Tunisia (28%).

Those and other tariffs have been reduced to a 10% universal levy for three months pending further negotiations, but the damage to trade is already clear. The long-established but soon-to-lapse African Growth and Opportunity Act, which provides African manufacturers with tariff-free access to the US, is likely to join development agency USAID – also dismantled by Trump – in the dustbin of history.

China spies an opportunity

At the same time as Trump is taking a wrecking ball to diplomatic and economic relations, arch-foe China is recalibrating its Africa strategy (*see page 8*). In mid-June, Beijing announced plans to eliminate all tariffs on imports from 53 African sovereign states with which it maintains diplomatic ties. Eswatini, the only African nation that recognises Taiwan's sovereignty, is the only exception.

Africa's most underdeveloped economies, which already gained full access to the Chinese market last year, have been promised additional assistance to boost their exports. In a thinly veiled barb at Trump, the agreement "call[s] on all countries, the United States in particular, to return to the right track of resolving trade disputes through consultation based on equality, respect and mutual benefit".

China is evidently looking to displace the US in the few markets where America is still the trading partner of choice – these include Lesotho, Mauritius, Morocco, Egypt, Nigeria and Kenya. China already reigns supreme as an export destination for goods from the DRC, Angola, Zambia and others. Some data suggests that China and the US are already tied when it comes to annual foreign direct investment flows, even as China has had to reduce its investment in Africa in recent years as it wards off domestic economic pressures.

Make yourselves comfortable

Quite what Trump's malice towards African partners is supposed to achieve is anyone's guess.

But with the US president's flickering attention span now dominated by the Israel-Iran war, as well as his stuttering attempt to bring peace to Russia and Ukraine, it is hard to see how Africa will figure positively in his plans. Indeed, he is virtually opening the door for China, and inviting it to walk right in and get comfortable. ■

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